

1 UNITED STATES DISTRICT COURT  
2 WESTERN DISTRICT OF TEXAS  
3 AUSTIN DIVISION

4 UNITED STATES OF AMERICA ) Docket No. A 12-CR-210(3) SS  
5 )  
6 vs. ) Austin, Texas  
7 )  
8 JOSE TREVINO-MORALES ) July 3, 2012

9 TRANSCRIPT OF DETENTION HEARING  
10 BEFORE THE HONORABLE MARK P. LANE  
11  
12  
13

14 APPEARANCES:

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**I N D E X**

	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
<u>Witnesses:</u>				
Steven Pennington	8	50, 60		
		69	84	85

**E X H I B I T S**

	<u>Offered</u>	<u>Admitted</u>
<u>Government's</u>		
(None.)		
<u>Defendant's</u>		
(None.)		

1 (Proceedings commence at 10:10 a.m.)

2 THE CLERK: The Court calls A 12-CR-201, United States  
3 vs. Defendant 3, Jose Trevino-Morales.

4 MR. GARDNER: Good morning, your Honor.

5 Doug Gardner, Michelle Fernald for the United States  
6 for all defendants in this cause number.

7 THE COURT: Thank you, sir.

8 MR. FINN: Good morning, your Honor.

9 My name is David Finn, F-I-N-N, and I represent the  
10 defendant.

11 THE CLERK: United States vs. Defendant 5, Carlos  
12 Miguel Nayan-Borbolla.

13 MR. RUBINO: Good morning, your Honor.

14 Sir, my name is Frank Rubino. I'm admitted to the bar  
15 of the State of Texas in the Southern District of Texas. I am  
16 not a member of this bar. This morning, I went to the clerk's  
17 office and I filed both a pro hac vice at the time of admission,  
18 which is with the clerk this morning. So with this court's  
19 permission, I would proceed today.

20 THE COURT: Of course. Thank you.

21 MR. FLORES: Your Honor, my name is Mario Flores. I'm  
22 local counsel with Mr. Frank Rubino on behalf of Carlos Nayan.

23 THE COURT: Thank you, Mr. Flores.

24 MR. FLORES: Thank you, your Honor.

25 THE CLERK: United States vs. Fernando Solis-Garcia,

1 Defendant 7.

2 MR. WOMACK: Good morning, your Honor.

3 I'm Guy Womack from Houston. I'm admitted to the  
4 Western District, and I'm here for Fernando Garcia.

5 THE COURT: Good morning, Mr. Womack. Thank you.

6 Okay. My understanding is here -- we're here for  
7 arraignments and detention hearings. And all three defendants  
8 have waived arraignment in this case, so we're moving on to the  
9 detention issues.

10 Where are we, Mr. Gardner, with regard to the  
11 government's motions to detain these folks.

12 MR. GARDNER: Your Honor, I believe Mr. Finn wanted to  
13 inquire of the Court of one matter.

14 MR. FINN: Yes, sir.

15 MR. GARDNER: A preliminary matter.

16 THE COURT: Sure.

17 MR. FINN: If I may. Your Honor, may I approach the  
18 podium?

19 THE COURT: Absolutely.

20 MR. FINN: Your Honor, I briefly discussed this with  
21 the government, and I certainly don't want to imply anything, but  
22 I do know that you recently left the U.S. Attorney's Office and  
23 it's my understanding that this investigation into this matter  
24 has been going on for quite some time. And in abundance of  
25 caution, I just wanted to inquire, respectfully, whether you were

1 ever involved in any dimension of this case while with the U.S.  
2 Attorney's Office.

3 THE COURT: It's a fair question. I worked for the  
4 U.S. Attorney's Office for 17 years. I left at the end of March  
5 of this year to start this job. Prior to that, I did primarily  
6 white-collar fraud prosecutions, and didn't have much to do with  
7 the OCDETF work, Mr. Gardner. And to answer your question, I  
8 didn't have any contact with him with regard to this case or the  
9 officers that were working on it, and I'm not familiar with the  
10 facts in any way before I came over here. But I'm glad you  
11 asked. I think it's a fair question.

12 MR. FINN: Thank you, your Honor. I appreciate your  
13 answer.

14 THE COURT: Does that resolve the matter to your  
15 satisfaction?

16 MR. FINN: It does, your Honor.

17 THE COURT: All right.

18 MR. FINN: Thank you.

19 THE COURT: Thank you, Mr. Finn.

20 MR. GARDNER: Your Honor, with respect to detention,  
21 the government's prepared to move forward on all three defendants  
22 with just one followup to Mr. Finn's. Your Honor, I just wanted  
23 to note, for the record, that you were also not in any  
24 supervisory position over me or my work at that time; is that  
25 correct?

1 THE COURT: That's correct.

2 MR. GARDNER: Thank you, sir.

3 The government's ready to proceed and ready to call a  
4 witness.

5 THE COURT: All right. Let's go.

6 MR. GARDNER: Your Honor, the government calls Special  
7 Agent Steve Pennington.

8 THE COURT: Please raise your right hand and be sworn.  
9 (Witness sworn.)

10 THE COURT: Have a seat, make yourself comfortable.  
11 And before we get started, give us your full name and spell your  
12 last name, please.

13 THE WITNESS: My name is Steve Pennington. That's  
14 P-E-N-N-I-N-G-E-T-O-N.

15 MR. GARDNER: And, your Honor, another preliminary  
16 matter before we get started. Mr. Finn, at least, and the other  
17 two defense attorneys have requested any production of statements  
18 under Rule 26.2, i.e., Jencks on this statement. I have provided  
19 a single copy to all three defendants of a affidavit for seizure  
20 of quarter horses, an affidavit for seizure of bank records, and  
21 one memorandum of interview, drafted by Special Agent Pennington.  
22 All three of those are redacted, your Honor.

23 Your Honor, with respect to the two affidavits,  
24 currently they are sealed. We ask the Court just for the  
25 purposes of this hearing to unseal those, obviously so the

1 defense attorneys can have an opportunity to cross-examine the  
2 witness on them, if need be.

3 THE COURT: And then, what about after this hearing?

4 MR. GARDNER: After the hearing, we request they be  
5 sealed until such time the government files a motion to unseal  
6 them.

7 THE COURT: All right. Is that satisfactory to all  
8 three lawyers?

9 MR. FINN: Your Honor, Mr. Finn on behalf of my client,  
10 my preference would be if these documents are used, that they be  
11 unsealed today so that we can start to facilitate and expedite  
12 discovery in this matter. But I can live with his suggestion.

13 THE COURT: Okay.

14 MR. GARDNER: And, your Honor, just to follow up, I  
15 represent -- I can't remember which time I've talked to. I  
16 anticipate all these documents will be unsealed within a matter  
17 of the next two weeks. I know at least one defense attorney has  
18 filed a request for discovery. So as soon as everyone files  
19 discovery, I anticipate they'll have full discovery. These  
20 affidavits, the search warrants, the seizure warrants, and an  
21 opportunity to review all the memorandums of interviews, and  
22 ROI's and 302s.

23 MR. FINN: With that representation, your Honor, I can  
24 live with the government's suggestion.

25 THE COURT: Okay. And, Mr. Womack, and, Mr. Rubino?

1 MR. WOMACK: No problem.

2 MR. RUBINO: No objection, sir.

3 THE COURT: Okay. Well, then, that's what we'll do.  
4 They'll be unsealed for the purposes of allowing you gentlemen to  
5 cross-examine the witnesses this morning. And what was the third  
6 document? It was affidavit on the horses, the bank accounts.

7 MR. GARDNER: There's one memorandum of interview, your  
8 Honor, we've redacted in order to keep the identity of the  
9 confidential informant for this memorandum of interview  
10 confidential for right now. That's the other thing provided to  
11 the defense counsel.

12 THE COURT: Okay. Very good. All right.

13 STEVE PENNINGTON, called by the Government, duly sworn.

14 DIRECT EXAMINATION

15 BY MR. GARDNER:

16 Q. Special Agent Pennington, you were one of the case agents in  
17 this case; is that correct?

18 A. Yes, sir.

19 Q. And if you will, could you just give a little bit of  
20 background on your training and experience and time with the IRS,  
21 please?

22 A. Yes. I'm a special agent with the Internal Revenue Service  
23 Criminal Investigation, been employed since March of 1985. I've  
24 worked money-laundering investigations on -- and financial  
25 investigations on organizations, trafficking and illegal



1 activities for the past 25 years. I've worked numerous  
2 money-laundering investigations and have done several  
3 presentations on money-laundering investigations.

4 Q. Now, first of all, I'd like to start off with just a general  
5 description of the Zeta organization; and as a preliminary to  
6 that, your information comes largely from the interviews in which  
7 you were personally present and a number of cooperating  
8 individuals that are delineated and laid out in the seizure  
9 affidavits, correct?

10 A. Correct. And, also, from fellow agents.

11 Q. And, if you will, could you please explain to the Court sort  
12 of how this organization operates, who's the leadership, and how  
13 the structure goes down from the leadership to the involvement of  
14 quarter horse money -- laundering funds for the quarter horse  
15 industry?

16 A. Yes. Los Zetas was a military unit that began to work for  
17 the Gulf Cartel as an enforcement branch for them back in the  
18 early 2000s. They stayed with that for a period of years, then  
19 branched off, basically formed their own cartel to move narcotics  
20 and do their own enforcement and since then, have been in rivals  
21 with the Gulf Cartel.

22 Lazcano, Zeta No. 3, is considered the leader. Miguel  
23 Trevino, A/K/A Zeta 40, is considered a coleader. He has risen  
24 through the ranks as other members of the organization have  
25 either been arrested or killed. The brother Oscar Omar

1 Trevino-Morales, A/K/A Zeta 42, is considered a top lieutenant  
2 for the Zeta Cartel. According to the witnesses, Miguel  
3 Trevino-Morales and Oscar Omar Trevino-Morales wanted to get into  
4 the horse-racing business as racing horses was kind of a hobby  
5 for them. So they acquired the services of a Ramiro Villarreal  
6 to start purchasing horses on their behalf. According to the  
7 witnesses, currency was given to various different individuals to  
8 purchase horses.

9           We know that Ramiro Villarreal took currency to  
10 businesses in Mexico. That money was eventually funneled through  
11 different banks, and wire transfers were sent to auction houses  
12 where Ramiro Villarreal purchased horses. He purchased horses  
13 for them, I believe, in 2008, 2009, 2010 timeframe, and then,  
14 sometime in, I believe, 2010, Carlos Nayen basically took up his  
15 position and became the main person to buy quarter horses for the  
16 organization.

17 Q. Okay. And why did Mr. Nayen assume that role versus Mr.  
18 Villarreal?

19 A. Mr. Villarreal was with the organization for a period of  
20 years. He was upset over some of the dealings with some of the  
21 horses, had made a few comments. They had brought Carlos Nayen.  
22 Carlos Nayen worked -- was, according to the witnesses,  
23 knowledgeable in the horse industry. He started working with Mr.  
24 Villarreal. They were together at a few of the auctions. How  
25 many, I don't know. And then, at some point in time, I believe

1 in 2010, Ramiro Villarreal was cut out, and then, he eventually,  
2 I think, died in January 2011.

3 Q. And was that in Mexico?

4 A. Yes.

5 Q. Now, with respect -- I want to go back to Miguel and Omar  
6 Trevino. And let's start with the first CI that you list in your  
7 affidavit, CI No. 1.

8 Has CI No. 1 personally met Miguel and Omar Trevino?

9 A. Yes.

10 Q. Okay. And with respect to his knowledge of those two, what  
11 did he say how their drug business related to the quarter horse  
12 business?

13 A. He was actually working, distributing narcotics for a number  
14 of years through Piedras Negras, Eagle Pass area. When the Zetas  
15 took over that particular area, he got -- basically brought  
16 before, I believe, in the beginning, it was Oscar Omar  
17 Trevino-Morales. And he was working for, I believe, man named  
18 Moy at that time. Anyway, he said that Omar basically either  
19 killed or had Moy killed, and that he was instructed that he  
20 would go to work for the Trevinos; and he said at that point in  
21 time, he began to work for the Trevinos along with another person  
22 out of the Piedras Negras area, and they were provided multiple  
23 kilos of cocaine to have transported into the United States --  
24 into the Dallas area and distributed.

25 Q. Now, has this particular individual, CI No. 1, as you

1 identify him, has he identified Jose Trevino?

2 A. I believe he has. Yes, yes. He has.

3 Q. All right.

4 A. Yes.

5 Q. If you need to look at the affidavit, feel free to do so.

6 A. Yes. He's actually met Jose Trevino, he said, I think,  
7 about four or five -- I think five occasions. He said that  
8 Miguel Trevino -- I'm sorry, Jose Trevino would travel to Mexico.  
9 Once that he was in Mexico or near a Mexican border, he would be  
10 kept in a safe house operated by the Zetas for three or four days  
11 until they were sure that the area was cleared of law enforcement  
12 and other rival cartels. Then he would be taken and he would go  
13 with and be with Miguel Trevino and Oscar Omar Trevino for three  
14 or four days as they did whatever they did, and then, he'd return  
15 to the United States.

16 Q. Now, did CI No. 1 relate -- or let me ask you this question.  
17 How is Jose Trevino-Morales related to Miguel and Oscar Omar  
18 Trevino-Morales?

19 A. He is their brother.

20 Q. Full brother? Blood brother?

21 A. Yes.

22 Q. So what, if anything, did CI 1 relate to Miguel knowledge or  
23 setting Jose up in the quarter horse business?

24 A. He said that he had set his brother up in the quarter horse  
25 business and that his brother had no idea how much money he could

1 make in the quarter horse business. Miguel Trevino also made a  
2 comment that it was very easy to launder money through the  
3 American quarter horse industry.

4 Q. Okay. And why was that? Why did he say that?

5 A. Apparently they thought it was easy to establish front  
6 companies. They could get money into the United States. They  
7 could buy the horses. They could put any name on the document.  
8 They could have any person bid on the horse. They could put any  
9 name on the document that they wish and easily transfer the  
10 horses back and forth. They could change the value of the  
11 horses, whatever they deemed appropriately based on who they  
12 moved the horses through.

13 Q. And have you had the opportunity to look at subpoenaed  
14 records from American Quarter Horse Association?

15 A. Yes. I've look at records from them, from auction houses,  
16 bank records, things like that.

17 Q. Okay. And is the American Quarter Horse Association the  
18 body responsible for governing the naming and the purchasing and  
19 the registration of racing quarter horses?

20 A. The registration, yes, they keep track of that.

21 Q. And is it largely a system based on trust, that being the  
22 buyer, the seller fills out the paperwork and submits it?

23 A. Correct.

24 Q. Without verification?

25 A. Correct.

1 Q. Okay. So sort of corroborates what CI 1's telling you about  
2 Miguel Trevino's statements?

3 A. Yes. And I've had other witnesses or another witness tell  
4 me that you can put whatever date you want to on a transfer of  
5 ownership from one person to another person, and when it goes  
6 into the American Quarter Horse Association, whatever date you  
7 provide is the date that they use. However, the American Quarter  
8 Horse Association will keep track of the date that that document  
9 comes into their office.

10 Q. Okay. And that is significant for what we'll talk here  
11 about in a little bit, correct?

12 A. Yes.

13 Q. All right. First of all, I want to talk about CI No. 3 with  
14 respect to cash provided to Jose Trevino. Could you inform the  
15 Court where that cash came from?

16 A. CI 2, 3, 4, I believe, 5 all work for CI 1. Those  
17 individuals would, like I said, just have the cocaine distributed  
18 in Dallas. Their responsibility was to collect the money and get  
19 the money back to Mexico. One of the CIs, his job was to help  
20 sort the bills, make sure that it was counted properly. If they  
21 had marked bills, or whatever, he was supposed to separate that  
22 money from the stack and then, put that to the side. They only  
23 wanted clean money. Once that money was all properly packaged,  
24 it would be given to the accountant of Miguel Trevino.

25 Q. And did some of that money come directly from the drug sales

1 to Jose Trevino in the United States, or did it go down to Mexico  
2 and then, back up?

3 A. Yeah. Drug proceeds, you had a main distributor in the  
4 Dallas area that was moving \$20 to \$25 million of cocaine per  
5 month, and he was operating with that organization, I believe, in  
6 2008, 2009, 2010, early 2011 timeframe.

7 Q. So his due to Mexico to Miguel and Omar Trevino was \$20 to  
8 \$25 million a month?

9 A. Yes.

10 Q. Based on the cocaine he received?

11 A. Right.

12 Q. All right.

13 A. And then, once that cocaine was sold, that money would be  
14 collected, it would be shipped down to Mexico in a number of  
15 ways. Or, if so directed, that money would be sent to other  
16 people and other locations.

17 For example, on one occasion, they directed this  
18 individual to send, I think, \$145,000 in cash to Jose Trevino.  
19 One of the workers for this organization met Jose Trevino at a  
20 business parking lot there in Dallas, Texas and, I think,  
21 provided him the \$145,000 cash.

22 Q. Now, Mr. Jose Trevino identified that he lives in a location  
23 in Balch Springs, Texas. Where is Balch Springs, Texas?

24 A. Balch Springs is a little suburb connected with Mesquite,  
25 just on the east side of Dallas.

1 Q. Okay. And were you able to identify the location of the  
2 meet where the cash was transferred as also being in Balch  
3 Springs?

4 A. It was close to Balch Springs.

5 Q. Now, so we're on that idea of the money being paid directly  
6 from the drug proceeds, did any of that money go to Carlos Nayan?

7 A. Yes. There's numerous occasions where drug proceeds would  
8 be sent directly to Carlos Nayan by various different people.  
9 And I can't recall which CI, but I know that some of the money  
10 went to him at racetracks at Loan Star Park at Grand Prairie,  
11 Texas. Money went to him at other locations. One of the CIs, I  
12 think who was in charge of making sure that the horse-related  
13 expenses were paid, said that during the timeframe, he provided,  
14 I think, approximately \$4 million in cash to Carlos Nayan for  
15 horse-related expenses.

16 Q. And was money also -- I know he's not a defendant here  
17 today, but was money also provided to Eusevio Huitron in terms of  
18 cash from drug sales for horse-related expenses?

19 A. Yes.

20 Q. And about how much was that?

21 A. About 3 to \$400,000.

22 Q. Now, I want to talk about a couple of individual horses.  
23 Have you done an investigation as to Jose Trevino's  
24 income?

25 A. Another IRS agent did the financial investigation into the



1 finances of Jose Trevino prior to him getting involved into the  
2 horse industry. And then, as things continued, a number of the  
3 horses and financial transactions were documented and financial  
4 -- continuing financial investigation was done.

5 Q. Okay. So what was Mr. Jose Trevino's employment prior to  
6 him being involved in the horse-racing business?

7 A. He was working as a bricklayer. His wife was also working,  
8 I believe, in 2008-2009 timeframe. Their combined income was  
9 less than \$60,000. Analysis of the bank account, I believe,  
10 shows that that money was deposited into his bank accounts. The  
11 bank accounts were analyzed. No expense over \$2,000 materialized  
12 out of that account. So the money was spent in small increments  
13 as he was supporting, again, his wife and, I think, four children  
14 at the time.

15 Q. So normal living expenses?

16 A. I believe so. Yes.

17 Q. All right. Could you tell the Court about a horse called  
18 Tempting Dash?

19 A. Yes. Tempting Dash was purchased in 2008 in California by  
20 Ramiro Villarreal. Again, this is cash that was provided, sent  
21 through the different businesses and wired to the auction house  
22 in California. The horse was placed in the name of Ramiro  
23 Villarreal, and it stayed in his name for a period of time. In  
24 September-October, he was set to run in Lone Star Park in Grand  
25 Prairie, Texas. In October, he ran a qualifying race in Grand

1 Prairie, Texas, and he was still under the name of Ramiro  
2 Villarreal and ran under his name. He qualified for the Dash For  
3 Cash race. He ran in that two weeks later still under the name  
4 of Ramiro Villarreal and won \$178,000.

5 Q. So you're able to verify that. How were these winnings --  
6 the fees and the winnings, how were those tracked by?

7 A. That is tracked by the horseman's account for the state of  
8 Texas. So we've got records from horseman account, and it shows  
9 the entry fees being paid by Ramiro Villarreal to run Tempting  
10 Dash in those races. It shows the winnings going from Lone Star  
11 Park into his horseman's account. And then, the horseman's  
12 account writes a check to Ramiro Villarreal for that \$178,000,  
13 and they sent him a check, and he takes that check and, I  
14 believe, he deposits that into his own bank account.

15 Q. And so, what happens at the next race?

16 A. The next race, the horse is racing under the name of Jose  
17 Trevino. There's a document filed with the American Quarter  
18 Horse Association claiming that Ramiro Villarreal sold the horse  
19 to Jose Trevino, and the date they use is, I think, September the  
20 22nd of 2009. However, the document is not received by the  
21 American Quarter Horse Association until -- I believe the date is  
22 November the 14th, 2009.

23 And there's actually witnesses that say that that  
24 document was backdated, that the organization wanted to transfer  
25 Tempting Dash from Ramiro Villarreal's name to Jose Trevino's

1 name. So they backdated the documents. And then, in the two  
2 followup races, the qualifying race, Tempting Dash won that, and  
3 then, the next race, he also won that. And he won, I think,  
4 \$466,000, and then, that money went into a horseman's account for  
5 Jose Trevino, and then, that was transferred to his personal  
6 account or they wrote him a check for his personal account.

7 Q. Okay. Let me stop you there.

8 Was there any evidence that you located that shows how  
9 much Jose Trevino paid for this horse?

10 A. When we looked at the documents prior to the running of  
11 those races, we do not see any funds where Jose Trevino paid for  
12 Tempting Dash. According to the analysis of his accounts, the  
13 money did not come or could not have come from his bricklaying  
14 job or his wife's job as that money was already previously  
15 expended. And so, we don't see legitimate thing -- we don't even  
16 see a payment. We were told that by the members that the horse  
17 already belonged to the organization. They just simply  
18 transferred the ownership from one name to the next name.

19 Q. Did you see any boarding fees, any training fees, any entry  
20 fees paid by Jose Trevino with respect to Tempting Dash?

21 A. Prior to that, no. Now, after the fact, when the horse won,  
22 won the race, you see a ten percent training fee come out of the  
23 horseman's bookkeeper's account paid to the trainer of Tempting  
24 Dash, which I believe was Eusevio Huitron. You also see -- after  
25 the fact, you see a check. I believe there's a check written to

1 Ramiro Villarreal, if I'm not getting my horses confused. I  
2 think there's a check written to Ramiro Villarreal for the  
3 purchase of Tempting Dash after the fact, after Jose Trevino had  
4 winnings.

5 Q. Tell the Court about how Jose Trevino's washing the money  
6 from the winnings of Tempting Dash.

7 A. The winnings, again, goes from him to his personal account,  
8 and then, from there he establishes two business accounts, or at  
9 least a business account called Tremor Enterprises, and we  
10 believe that stands for Trevino-Morales. He transfers the money  
11 to that account. He then writes himself -- I believe there's two  
12 checks that go back to his personal account for, like, a total of  
13 \$157,000. And then, he immediately -- the money immediately goes  
14 back into the business account via checks written, and what this  
15 allows him to do is show in his income tax return that he made  
16 \$100,000 personally from working for Tremor Enterprises. So that  
17 way he's able to start showing money through the IRS that he's  
18 winning and making money in the horse-racing business.

19 Q. Now, you said that the paperwork was backdated showing that  
20 he actually purchased the horse before the final race which he  
21 won all the money, correct?

22 A. It was actually backdated to show that he purchased the  
23 horse prior to the horse even qualifying.

24 Q. Now, when did the American Quarter Horse Association receive  
25 those records?

1 A. I believe it was November 14, 2009.

2 Q. Okay. So after all the races?

3 A. No, no, no. Between the races. You had --

4 Q. Between the races.

5 A. You had the qualifying for the Dash For Cash. And then, you  
6 had the Dash For Cash where he won \$178,000. Then you have -- I  
7 think, a week goes by, and then, you have the American Quarter  
8 Horse Association receiving the paperwork. And then, you have  
9 Tempting Dash running in the next race and then, two weeks later,  
10 running in the other race where he won the \$466,000.

11 Q. So now, is this pattern or this backdating, does it develop  
12 into a pattern with the organization?

13 A. What we've been told by the organization is that -- or the  
14 witnesses, members of the organization, at one point in time, is  
15 that when a horse started to run well and showed promise, that it  
16 would be transferred to Jose Trevino or one of his businesses'  
17 name so that he could look like that he got this great deal on a  
18 horse before it actually, quote, ran but -- and then, he's able  
19 to win a lot of money with very little investment is what they  
20 wanted it to appear to be.

21 We had seen other documents going to another horse, Mr.  
22 Pilotos.

23 Q. Okay. That was my next question. So let's talk about Mr.  
24 Pilotos.

25 A. Mr. Pilotos was a horse that was purchased, again, by Ramiro

1 Villarreal for, I think, \$81,000.

2 Q. And what --

3 A. Again, you have the cash going into the thing, the horse  
4 being purchased through the wire transfers. And then --

5 Q. What was the original name of the horse purchased?

6 A. Maverick Perry.

7 Q. Okay. And so, who changed the name to Mr. Pilotos?

8 A. I'm not sure who changed it, but I was told that Pilotos is  
9 a nickname for Carlos Nayan. And so, the name was changed to Mr.  
10 Pilotos, and then, it stayed in Ramiro Villarreal's name. And I  
11 don't know if it was changed prior to going from Ramiro  
12 Villarreal to Fernando Garcia or Fernando Garcia is the one that  
13 changed it.

14 Now, the relationship between Fernando Garcia and  
15 Carlos Nayan, we've been told, is that they referred to Fernando  
16 Garcia as the gofer for Carlos Nayan, that he would carry out  
17 tasks at Nayan's direction.

18 Q. All right. So Mr. Pilotos gets bought under another name by  
19 Mr. Villarreal?

20 A. Yes.

21 Q. What happens to Mr. Pilotos then?

22 A. Mr. Pilotos is transferred into the name of Fernando Garcia.

23 Q. And what company is?

24 A. Garcia Bloodstock & Racing.

25 Q. Okay. Have you determined that Mr. Garcia here is the

1 registered owner-operator of Garcia Bloodstock & Racing?

2 A. Yes. The horse is in his name. Now, again, looking at the  
3 financial documents myself and other folks, we have not seen the  
4 documentation as to Mr. Fernando Garcia actually purchasing that  
5 horse from Ramiro Villarreal. We know the organization will  
6 establish front companies and that they will basically buy the  
7 horse and place the horse in that guy's or that company's name.  
8 And when the horse is -- when something's done with the horse,  
9 that front -- that person necessarily won't show any money for  
10 himself nor will he receive money, unless it's beneficial to the  
11 organization to pay him to show something on paperwork and then,  
12 have that person pay other horse-related expenses.

13 So we don't see Fernando Garcia providing money to  
14 purchase Mr. Pilotos. Mr. Pilotos runs on August the 19th of  
15 2010 in a qualifying race in Ruidoso, New Mexico and qualifies  
16 for the All American Futurity, which is, I believe, a \$2 million  
17 race in Ruidoso Downs, held in September of 2010.

18 Q. Okay. Let me stop you there. All right.

19 I want to go back to where the CIs are talking about  
20 delivering cash from the sales of drugs directly to the  
21 organization in the United States. Was there cash delivered to  
22 Carlos Nayan with respect to and relating to Mr. Pilotos' running  
23 in the All American Futurity?

24 A. It wasn't delivered to Mr. Nayan.

25 Q. Okay.

1 A. The way that the witnesses lay it out is that Carlos Nayan  
2 met with some gatekeepers at the Ruidoso Downs racetrack in  
3 Ruidoso, New Mexico. The gatekeepers are the people responsible  
4 for holding the horses prior to the gate opening to make sure  
5 that the head's straight, they're ready to go. And then, you  
6 have one guy, once he sees that all the horses are lined up  
7 properly, he's supposed to release the gate and the horses are  
8 off and running.

9 We were told by our witnesses that Carlos Nayan had met  
10 with these people and come to an agreement that they would pay  
11 cash to the gatekeepers to fix the race at Ruidoso Downs New  
12 Mexico. Our witnesses state that they collected, I believe,  
13 \$110,000 in drug proceeds. They got one of the associates to  
14 transport that cash to Ruidoso, New Mexico. We talked to the  
15 individual that transported the cash. The individual said that  
16 when the cash arrived in Ruidoso, New Mexico, that the cash was  
17 given to the wife of one of the gatekeepers. We've been trying  
18 to document or find out who that is. But supposedly that money  
19 was given to the wife, and then, that money was used -- each  
20 gatekeeper was paid \$10,000. And then, Mr. Pilotos -- to fix the  
21 race so Mr. Pilotos could win, and he did, in fact -- he had the  
22 lowest odds of winning the race, and he ended up winning the  
23 race.

24 Q. The greatest odds meaning he was a long shot?

25 A. Yeah. I'm sorry. Yeah. The long shot.



1 Q. Okay. Now, with respect to the bribe, do your sources who  
2 are in New Mexico with Miguel and Omar Trevino, do they confirm  
3 that through statements by either one of those two gentlemen?

4 A. I know that they were watching the race in New Mexico with  
5 Miguel Trevino and Omar Trevino, and without looking, I can't  
6 recall what they said.

7 Q. Well, do you recall whether or not they claimed Mr. Pilotos  
8 is one of their horses?

9 A. Oh, yes.

10 Q. All right. So I took you off track there.

11 So we have Mr. Pilotos winning a couple of qualifying  
12 races, qualifying for the \$2 million stakes race. What happens  
13 to the ownership of Mr. Pilotos currently in Garcia Bloodstock's  
14 name?

15 A. The horse qualifies for a race on August the 19th. He wins  
16 -- or he qualifies during that race. The big race is set for  
17 September the 6th, 2010. Documents are sent to the American  
18 Quarter Horse Association on September the 3rd of 2010, changing  
19 ownership of Mr. Pilotos from Garcia Bloodstock to Tremor  
20 Enterprises, and they're showing the date on that particular one  
21 of July the 10th of 2010.

22 Q. Now, a copy of one of your memorandum of interviews of a  
23 interview of a confidential informant was provided to defense  
24 counsel. At this point, for that person's safety, do you wish do  
25 keep that name confidential?

1 A. Correct.

2 Q. And as is laid out here, what was that witness' relation to  
3 you of Mr. Garcia's attitude with respect that he lost Mr.  
4 Pilotos?

5 A. Mr. Garcia was upset that he had to give up Mr. Pilotos and  
6 have the name changed from his name to Tremor Enterprises.

7 Q. Okay. And so, what documentation in terms of paperwork did  
8 you find with respect to any payment by Mr. Jose Trevino and  
9 Tremor Enterprises for Mr. Garcia's horse Pilotos?

10 A. As a matter of fact, I believe it was the same witness made  
11 a comment that he thought that Fernando Garcia was paid \$50,000  
12 after the race as kind of a, you know, the horse did good, you  
13 know, you're a good soldier, you know, here's your money. There  
14 was a check after Mr. Pilotos won the race on September, and  
15 approximately 900-and-some-odd-thousand dollars was deposited  
16 into the horseman's account for Tremor Enterprises in New Mexico  
17 and then, a check written to Tremor Enterprises. Tremor  
18 Enterprises wrote a hundred-thousand-dollar check, and I believe  
19 the date of the check is October the 25th of 2010 for \$100,000,  
20 and in the memo section it says, purchase of Mr. Pilotos. And  
21 then, Fernando Garcia held that check and did not deposit that  
22 check into his account until, I believe, December of 2010.

23 Q. I want to talk a little bit about some of the purchase of  
24 these horses. Do you know where these horses were bought?

25 A. Where?

1 Q. Yeah. Where in general?

2 A. You have auctions in Oklahoma City. You have auctions in  
3 Ruidoso, New Mexico, Los Alamitos, California are the main ones.

4 Q. Now, I'll get into some of the specific auctions as it  
5 relates to Mr. Garcia and Mr. Nayan, Mr. Trevino in a second.  
6 But generally how would the organization coordinate the purchase  
7 and decide on which horses to buy?

8 A. Ramiro Villarreal was real good at picking horses, and  
9 that's the reason he was recruited into the organization is  
10 because of his talent for picking a good bloodline. So he would  
11 basically pick the horses for the organization. He and Carlos  
12 Nayan were together for a period of time. And also understand  
13 that Carlos Nayan is knowledgeable with horses, therefore, he  
14 could also pick a good horse. They also recruited different  
15 trainers, people that had an eye for horses, and they would ask  
16 those people to assist in the acquisition or telling which horses  
17 to bid on.

18 And at different auctions, the organization would have  
19 different people who would be the bidders on those respective  
20 horses. And they would bid on a number of horses, when to bid,  
21 and after the bid was won, they'd figure out how much total was  
22 due from that particular group. And then, they'd arrange for the  
23 payment to come in from the places in Mexico to make the purchase  
24 of the horses.

25 Q. Okay. So multiple owners listed?

1 A. A number of times, like I said, you had different -- you had  
2 certain people in control, which appeared to be Carlos Nayan,  
3 Jose Trevino. They would direct other people to buy horses or  
4 bid on horses. They would --

5 MR. FINN: Your Honor, excuse me, if I may. At this  
6 point, I've got to object going into this. This is not a trial.  
7 This is not a probable cause hearing. It's an indictment. And I  
8 just don't see how this would bear on the issue of detention.

9 MR. GARDNER: One of the issues the Court has to decide  
10 is the weight of the evidence against the defendants with respect  
11 to flight risk.

12 MR. FINN: Your Honor, if I may.

13 THE COURT: Sure.

14 MR. FINN: How does the name of a horse have any  
15 relevance on whether or not my client is a flight risk? We're  
16 getting into detail and minutia that normally would be reserved  
17 for a trial, and that's kind of putting the cart before the  
18 horse.

19 THE COURT: Well, he has a point at least in the name  
20 of the horse, how it relates, but just remember that the detail  
21 to which you go into is probably opening it up the detail to  
22 which they're going to be able to cross.

23 MR. GARDNER: No. I understand, your Honor.

24 THE COURT: Why don't you rephrase the question?

25 MR. GARDNER: Okay.

1 THE COURT: Go. Start there.

2 Q. (BY MR. GARDNER) What direction did Miguel and Omar Trevino  
3 give Carlos and Nayen and their brother Jose Trevino with respect  
4 to the purchase of the horses?

5 A. Okay. I'm sorry. One more time.

6 Q. What direction or involvement did Miguel Trevino and Omar  
7 Trevino have with respect to Carlos Nayen and Jose Trevino  
8 purchasing the horses at auctions?

9 A. I believe that they wanted horses purchased, but since they  
10 weren't knowledgeable in the horses, they left the people in the  
11 know as to which horses to pick, and they were the ones that were  
12 going to fund the purchase of the horses.

13 Q. Did they communicate with Oscar Omar Trevino and Miguel  
14 Trevino during the auction?

15 A. Yeah. According to the witnesses. Yes. They were in  
16 communications, whether it was texting, Nextel and/or internet.  
17 I'm not sure if they used all three of them.

18 Q. Okay. Since Mr. Finn objected, let's just talk about one  
19 other thing.

20 Separate Fire, another horse, correct?

21 A. Yes.

22 Q. Same sort of movement from owner to owner to owner,  
23 eventually ending up into?

24 A. Actually, I believe Separate Fire, if I'm not mistaken on  
25 that one, is that Separate Fire was bid on by somebody. On the

1 statement of account during the purchase, it was listed a  
2 different name. The funds came in from one of the sources in  
3 Mexico, and then, that horse was -- and it was purchased for  
4 \$45,000, and that horse was immediately put into the name of Jose  
5 Trevino or Tremor Enterprises. And, again, looking at the  
6 financial analysis, we don't see any money coming from Tremor,  
7 Jose, or his businesses, to pay the 45,000 for that horse.

8 Q. Okay. How many horses were involved in this investigation?

9 A. There were -- I think we got records on over 500 horses from  
10 the various different auctions. We had a lot of different  
11 nominee names that were provided to us of people associated with  
12 this. Now, I will say that some of those horses were purchased  
13 by these people on their own.

14 And I say that, for example, a guy named Luis Aguirre  
15 was a vet in Mexico who would come to horse auctions, and he  
16 would buy cheap horses and those cheap horses would then -- he  
17 would say, these are my horses -- and I'm saying cheap horses,  
18 you know, 2 to \$5,000 value. These are my horses and he would  
19 send them to Mexico and sell them. There's a number of times his  
20 name appeared as the owner of a number of more expensive horses,  
21 and witnesses have said that if a more expensive horse would  
22 appear in his name, that he is simply just a front man for the  
23 organization that those really were not his horses.

24 Q. So the majority of the horses, where were they located?

25 A. You had -- the majority of horses right now, or at least a

1 lot of them, are on a ranch in Oklahoma. Zule Farms, which is  
2 the ranch of Jose Trevino. He has approximately 400 head of  
3 horses up there. Now, some of those are going to be horses that  
4 we've documented in purchases. Some of those are going to be  
5 brood mares that we were not able to document. And then, some of  
6 those are going to be the colts and babies of breedings that he  
7 has done over the last two years.

8 Q. So when Zulema Trevino, upon arrest, makes the statements  
9 that her and her husband Jose only had two stud horses and 15  
10 mares, is that consistent with your investigation?

11 A. No.

12 Q. Now, with respect to the Lexington, Oklahoma ranch, Jose  
13 Trevino made a statement to Pretrial Services with respects that  
14 he did not know the value of the ranch in Oklahoma. How long has  
15 he had that ranch?

16 A. He started acquiring it, I believe, in 2011.

17 Q. Late 2011?

18 A. Yeah.

19 Q. And when you say acquire the ranch, is it one parcel or  
20 multiple parcels?

21 A. Multiple parcels.

22 Q. So when did he acquire -- how many parcels, three?

23 A. I believe it's three parcels. He acquired the first two  
24 parcels, and I think that value may have been he paid around -- I  
25 want to say around 400,000. And then, he's buying another parcel

1 of land that he was still paying, because it's still held in a  
2 previous owner's name. So he was still paying for that. I think  
3 he had one more payment to make.

4 Q. And when did he acquire that parcel?

5 A. 2012, I believe. And the value of that place, I believe, is  
6 right around a million dollars.

7 Q. So when he says that he couldn't provide a value for these  
8 properties, as of his interview yesterday, your investigation  
9 shows you can provide a value for the properties?

10 A. Yes.

11 Q. Let's talk about Mr. Trevino's crossing history. His  
12 Pretrial Service report, he stated he has an active passport and  
13 could not recall the last time he traveled internationally. Have  
14 you looked at his crossing history?

15 A. Yes.

16 Q. When was the last time he crossed either into Mexico or back  
17 into the United States from Mexico?

18 A. May 14, 2012.

19 Q. So two months ago?

20 A. Yes.

21 Q. And with respect to how many times he crossed, what do you  
22 have there in terms of the numbers?

23 A. One, two, three, four, five, six, seven, eight, nine. Nine  
24 crossings. I've got two crossings in 2006, one crossing in 2007,  
25 one, two, three -- three crossings in 2010. One crossing in 2011



1 and then, two crossings in 2012. And those are the crossings  
2 that's actually been documented as him coming in and out. When  
3 the witnesses talk about him going to Mexico and staying in a  
4 safe house and going back and forth to meet with his brothers, I  
5 do not have any idea if that was where he crossed, whether these  
6 are recorded or if those are additional crossings that's not  
7 recorded.

8 Q. Okay. So he makes a statement upon his arrest to Special  
9 Agent Scott Lawson, quote, I haven't seen my brothers in years,  
10 referring to 40 and 42. Is that statement inconsistent with the  
11 CIs and the crossing history?

12 A. The CIs were talking during the -- I believe it was the 2000  
13 -- they were dealing with the Trevinos in 2009, 2010 and the  
14 first part of 2011. I think through May of 2011.

15 Q. Now, I know the Court's probably tired of horses' names, but  
16 could you give the Court some representation of the names of  
17 various horses that relate to the word "cartel"?

18 A. Yeah. We had a horse, again, you had a Number One Cartel.  
19 You've got Divine cartel. You've Sportiness Cartel. The Snowy  
20 Cartel. There's just a number of horses that have a cartel name  
21 in it. You had a name change Mr. Pilotos, the reference, I  
22 believe Nayan's nickname. You had a horse nicknamed or changed  
23 to Forty Force, I believe represent Miguel Trevino No. 40.

24 Q. Horse named Mr. Ease Cartel was --

25 A. Yeah. Mr. Ease Cartel.

1 Q. And who was that associated with?

2 A. That was actually a horse that was born to, I believe, the  
3 Long Straw, which is owned by Jose Trevino, bred to another  
4 horse. They had the baby -- had a couple of babies. And then,  
5 that horse was running under Bonanza Racing, LLC which --

6 Q. Okay. Who was running Bonanza Racing, LLC?

7 A. Fernando Garcia.

8 Q. Okay. So another connection to the organization, correct?

9 A. Yes. And then, that horse was transferred -- after it  
10 showed promise and, I think, qualified for a race in Los  
11 Alamitos, California, again, that horse was transferred to Jose  
12 Trevino, and that information came from employees out of Los  
13 Alamitos.

14 Q. Okay. That was just this year in March, correct?

15 A. Yes.

16 Q. All right. I want to talk a little bit about Mr. Nayan.  
17 Have you reviewed his visa application for entry into the United  
18 States?

19 A. Not actually reviewed it, but I've been told about it.

20 Q. And is he currently possibly on an overstay status?

21 A. Yes. I believe that he came in in January of 2012 for a  
22 three-month, and has a possible overstay on the visa.

23 Q. And on his visa application, he makes a reference or  
24 provides a reference for his bona fides or his qualities as  
25 citizen of a company called Carmina, LLC?

1 A. Yes.

2 Q. Who owns Carmina, LLC?

3 A. Carlos Nayen.

4 Q. So he's using his own company as a reference?

5 A. Yes.

6 Q. Okay. And he also uses a reference, another individual by  
7 the name Adan Farias. Who is Adan Farias?

8 A. Adan Farias is a horse trainer out of California. And I  
9 believe in 2010, Adan Farias was actually brought to Texas and  
10 then, traveled into Mexico to meet with Miguel and Omar Trevino  
11 to discuss him helping train horses for the organization. So he  
12 met with them for a couple of days, came back, and they agreed  
13 and a number of horses were actually sent to him to be trained.

14 Q. Now, I want to talk about some of the auction houses. Let's  
15 talk about the one in which a horse by the name of Dashin Follies  
16 was purchased.

17 What can you tell the Court about an employee of  
18 Heritage Place discussing the payment of \$650,000 in cash by  
19 Carlos Nayen?

20 A. There was two horses and two foals purchased for a little  
21 over a million dollars. Dashin Follies was 875,00, Coronita  
22 Cartel was \$250,000, and then, the two foals were 20,000 each.  
23 Most of the money or part of the money came in in wires to pay  
24 for that. There was still an outstanding balance. And I believe  
25 the employee stated that they were contacted and asked whether or

1 not they'd be willing to accept \$650,000 in cash for the  
2 remaining balance, which they declined to do so. So, therefore,  
3 that particular thing was dropped.

4 Now, with that being said, the balance of that, we know  
5 that part of that was in cash. I think a hundred-thousand  
6 dollars was brought and paid to Heritage Place, a  
7 hundred-thousand dollars in currency. And then, there was other  
8 ways of money being funneled in to pay the balance of those  
9 horses.

10 Q. Now, I want to talk about a couple of auctions in  
11 particular. Let's start with the Ruidoso, New Mexico sales  
12 auction in September 2-4, 2011. Was surveillance conducted at  
13 that auction by law enforcement officials?

14 A. Yes. FBI did surveillance at a couple of auctions and that  
15 was one of them.

16 Q. Okay. They observed Mr. Nayen snapping pictures consistent  
17 with what the CIs were saying?

18 A. Yes.

19 Q. All right. And just to shortcut a little bit, \$2.2 million  
20 worth of horses were purchased at that auction?

21 A. Yes. \$2,240,000 I believe, is the amount.

22 Q. Okay. Who paid for those horses?

23 A. I believe that came in from Francisco Colorado Cessa or his  
24 business, ADT Petro Services.

25 Q. Okay. And who is this Francisco Colorado Cessa?

1 A. Francisco Colorado Cessa is a businessman in Mexico. He was  
2 actually friends with Efrain Torres, A/K/A Zeta 14. And when  
3 Zeta 14 was killed -- because he actually worked with Zeta 14,  
4 according to a witness, in both the money laundering and in the  
5 drug business. And when Efrain Torres was killed, Miguel  
6 Trevino, Lazcano and some other people met with Francisco  
7 Colorado and basically said that Francisco Colorado would go to  
8 work for Miguel Trevino in kind of his same capacity. Now, we  
9 know that based on --

10 Q. And how is he related to Mr. Nayan over here?

11 A. Been described as a stepfather, a godfather to Carlos Nayan.  
12 Carlos Nayan was also a worker for Efrain Torres, Zeta 14, and  
13 then, he's one of the other ones after Efrain Torres' death was  
14 told that he would go to work for Miguel Trevino in the same type  
15 of capacity that he was working before.

16 Q. Now, there's four other indictments out there across the  
17 country, dating back 2001, with Miguel and Omar Trevino being  
18 indicted for their various money laundering and drug  
19 organizations.

20 What role does Cessa have in terms of providing  
21 protection for -- political protection for the Trevinos?

22 A. Colorado Cessa actually introduced Efrain Torres to a  
23 governor-elect, a person that was running for governor in  
24 Veracruz back in 2004. Efrain Torres provided drug proceeds  
25 through Francisco Colorado to help get this person elected. Once

1 the person was elected governor, contracts were then obtained as  
2 Colorado -- Francisco Colorado Cessa acquired \$10 to \$12 million  
3 in drug proceeds from Efrain Torres to open up some businesses.  
4 These businesses then were used -- one business was used to get  
5 government contracts through the governor that was elected there.  
6 Others were used for his contracts with Pemex, his own business  
7 ADT Petro Services.

8 Q. So what effect does that -- those businesses have in  
9 protecting the Zetas criminal organization?

10 A. They basically continued to funnel money to -- as bribes to  
11 allow the Zetas to operate in the state of Veracruz.

12 Q. Okay. So almost a sanctuary?

13 A. Yes.

14 Q. So are people in the organization protected by that  
15 sanctuary?

16 A. Yes. Or -- yes, to a certain extent, because if something  
17 would happen, then they would get tipped off and they would come.  
18 And there's been reports where I think Miguel and Omar Trevino  
19 have been tipped off on various different occasions about  
20 different things.

21 Q. So in your opinion, if Jose Trevino, Fernando Garcia and  
22 Carlos Nayan were allowed to remain on bond, could they avail  
23 themselves of that sanctuary in Veracruz?

24 A. They could go to Mexico and I think they would fall under  
25 the protection of the Zetas and whatever that affords them down

1 there.

2 Q. And Cessa, he's been wanted by the Mexican authorities since  
3 2005; is that correct?

4 A. They did an investigation -- the Mexican authorities did an  
5 investigation on Colorado Cessa. I am not sure if they actually  
6 have an outstanding arrest warrant for him or if the  
7 investigation is still ongoing, but I do know that they were  
8 investigating his dealings in the public corruption arena.

9 Q. Let's talk a little bit about Mr. Garcia's crossings. Now,  
10 in his Pretrial Services report, he states that his family  
11 members reside here in the United States. Did Mr. Garcia provide  
12 a statement to Special Agent Billy Williams of the Internal  
13 Revenue Service?

14 A. Yes, he did.

15 Q. All right. And did he mention that he has family members in  
16 Mexico?

17 A. Yes, he did.

18 Q. Did he identify the particular family members in Mexico?

19 A. That I do not remember.

20 Q. And do you also have a crossing history on Mr. Fernando  
21 Garcia?

22 A. Yes.

23 Q. Okay. Where is he crossing at or at least on?

24 A. Where, I do not know. I know that he's crossed in 2005,  
25 2007 twice, 2008 three times, 2009, once 2010, once December

1 2011. He did make a -- I think he said that he -- his last  
2 crossing was actually in April of 2012; however, there's no  
3 official record of that particular crossing. So how many times  
4 he crossed back and forth without an official record is unknown.

5 Q. All right. In his statement there under paragraph 8, he  
6 says he knows who Carlos Nayen is. And, also, he admits to  
7 owning Garcia Bloodstock but not Bonanza Racing stables.

8 Have you come across some documentation on insurance  
9 with respect to Mr. Garcia claiming a managerial position in a  
10 company called Fast And Furious?

11 A. Yes. Fast And Furious was a front company set up by the  
12 organization to register some of the horses that were purchased  
13 through Ramiro Villarreal. Some insurance documents we have  
14 shows both Carlos Nayen and Fernando Garcia as the managers of  
15 Fast And Furious, LLC. We know that, you know, several horses,  
16 five to ten horses were actually placed into that company name,  
17 and then, after the death of Ramiro Villarreal, those horses were  
18 then removed from that company name and placed in other names.

19 Q. Now, again, I don't want to get into too many of the horses'  
20 names, but I want to go to the Heritage Place auction on January  
21 18th, 21st, 2012. And this relates to the fact that Garcia in  
22 his statement to Billy Williams say he did not train any horses  
23 for Tremor Enterprise and he did not pick any horses for Tremor  
24 Enterprise.

25 Okay. On the Heritage Place auction in January of this



1 year, what function did Mr. Garcia perform? If you'll look at  
2 page 46 of your bank affidavit.

3 A. Okay. There were five horses and two foals in utero that  
4 were purchased during that particular auction, and Fernando  
5 Garcia participated in assisting in the purchasing of those  
6 horses. We've got records from Heritage Place reflecting that  
7 the funds -- the total amount came to \$280,400. ADT Petro  
8 Services, which is a business of Francisco Colorado Cessa, wired  
9 in \$228,700 on February 15th. He covered part of the cost. That  
10 left an additional \$51,700 outstanding.

11 Q. And who paid that?

12 A. That money was actually structured into various different  
13 bank -- Heritage Place, on occasion, would provide their bank  
14 account information to people that buy horses. So they provided  
15 their bank account information to Fernando Garcia because of the  
16 outstanding balance. I believe that's who they provided it to.  
17 Somebody in Laredo, Texas went into ATM machines and made four  
18 \$9,900 cash deposits, and then, they made four other deposits to  
19 get the total of \$51,700 into that account.

20 Now, Heritage Place, when they have somebody deposit  
21 money into their account, they don't know who to apply that money  
22 to until after somebody sends an e-mail claiming, hey, we made  
23 the deposits, apply this to our bill. So the person that  
24 apparently made the cash deposits funneled an e-mail to a Jose  
25 Luis, who then funneled the e-mail to Fernando Garcia saying,

1 hey, these are the deposits. They attached a copy of the deposit  
2 slips. These are the deposits to pay the remaining balance of  
3 these horses. These horses -- I mean, I'm sorry. Fernando  
4 Garcia sent that e-mail on to Heritage Place claiming  
5 responsibility for the payments saying, this pays off our debt.

6 Q. Okay. So Cessa, he bids, he being Garcia bids, Cessa makes  
7 the payment and Garcia finalizes the remainder of the payment for  
8 those structured deposits, correct?

9 A. Yes.

10 Q. All right.

11 A. Now, one of the horses on that was a horse by the name of  
12 Mr. Perry's Wine for \$132,000. That's one of the horses that we  
13 actually seized in -- at the ranch in Oklahoma, at Jose Trevino's  
14 ranch in Oklahoma.

15 Q. Now, speaking of that, during the investigation at Ruidoso  
16 where Mr. Garcia was, he also sits there and claims that he did  
17 not train any horses for Tremor, did not pick up any horses for  
18 Tremor. Did special Agent Billy Williams interview one of the  
19 stable hands who related he'd been to Oklahoma?

20 A. Yes.

21 Q. And what was that statement?

22 A. He said he went to Oklahoma -- to the ranch in Oklahoma to  
23 pick up horses and brought them back.

24 Q. Okay. Brought them back to Ruidoso?

25 A. Yes.

1 Q. And during -- and did you participate in the search warrant  
2 at Lexington, Oklahoma?

3 A. Yes.

4 Q. And did you find any Garcia Bloodstock's horses or records  
5 for his horses that had been --

6 A. There was actually two horses, a Corona Be Cool and a First  
7 Prize Smith and I can't remember if they were -- I think they  
8 were actually in the name of Bonanza Racing. Those two horses  
9 died. One was euthanized, the other died, and they had to do --  
10 the vet had to examine the horses for insurance purposes. And  
11 the vet recorded that information under Francisco Fernando Garcia  
12 and Garcia Bloodstock & Racing is what they told me.

13 Q. Okay. Now, I want to -- again, going back to the statement  
14 that he did not pick any horses for Tremor Enterprise, based on  
15 his post-arrest, go to the Heritage Place November 5th, 2011  
16 auction. Did Garcia act as a agent for both the buyers and  
17 sellers for nine horses and four horses, respectively?

18 A. He acted as the agent for the buyers, and that included you  
19 have four horses that Jose Trevino wanted to sell. Those horses  
20 were Forty Force, Blues Girl Choice, Devil Ridge, Number One  
21 Cartel. Number One Cartel was actually in the name of Garcia  
22 Bloodstock & Racing in 2010. On February the 2nd of 2011,  
23 Fernando Garcia transfers Number One Cartel from his name to  
24 Tremor Enterprises. He does receive a \$70,000 check from Tremor  
25 Enterprises. During 2011, that horse wins \$420. You get to the

1 November 5th, 2011 sale, you have Fernando Garcia acting as the  
2 agent for the purchaser as Jose Trevino was selling that horse.  
3 They buy that horse for \$280,000.

4 Q. So what does that --

5 A. That's four times the value of it.

6 MR. FINN: Who's they?

7 A. They -- the horse -- I've got the name of the nominee that  
8 they used. They used a La Lupita Nieto-Gonzalez, a Manuel La  
9 Lupita Nieto-Gonzalez out of Veracruz, Mexico as the statement on  
10 the account where they purchased the Number One Cartel.

11 What I'm getting at is that this horse, plus the other  
12 three horses, plus the horses that were purchased by the  
13 organization, the payments for all of those came from the --  
14 basically the same source, which was a guy named Aryan Jeff in  
15 Quick Loans. So funds were all coming from the same location to  
16 pay for the horses that were bought and the horses that were  
17 sold. And when Fernando Garcia was acting on behalf of this  
18 transaction, three of these four horses, Fernando Garcia signs as  
19 the security agent and says that these horses are going to  
20 Lexington, Oklahoma.

21 Q. (BY MR. GARDNER) So, again, inconsistent with the statement  
22 he made post-arrest?

23 A. Right. And then, the horses that were actually purchased --  
24 there were eight or nine horses that were actually purchased and,  
25 again, using different nominee names on the statement of account,

1 they were -- Fernando Garcia signed the security agreement as the  
2 buyer, says they're going to Lexington, Oklahoma. When you get  
3 the American Quarter Horse records, they show that several of  
4 these horses were actually in the name of Luis Aguirre, a name  
5 that we had talked about before.

6 Q. Also a defendant in the indictment?

7 A. Yes.

8 Q. Okay.

9 A. And, again, like I said, the money to pay for these horses  
10 that were both bought and sold coming from Quick Loans and from  
11 Aryan Jeff.

12 Q. Now, I want to talk about one other auction, Heritage Place  
13 Auction September --

14 MR. FINN: Your Honor, excuse me. I'm going to renew  
15 my objection. The sole issue this morning in this courtroom is  
16 detention. And I understand why he wants to go into the details.  
17 I get that. But I'm asking you to please use your discretion and  
18 let's urge the government to focus on detention-related issues.

19 THE COURT: Well, I mean, it is a factor in detention  
20 the weight of the evidence against a particular defendant. But I  
21 do think if you'll --

22 MR. GARDNER: Flying a dead horse.

23 THE COURT: Piling on or you're not getting as much  
24 bang for your buck as the first time.

25 MR. GARDNER: Well, let me just finish up one more

1 auction as it relates to involvement in Mexico, your Honor, and  
2 then, I'll move on to something else.

3 THE COURT: Sure.

4 Q. (BY MR. GARDNER) Okay. The Heritage Place auction September  
5 15th, 2011, Garcia, Jose -- Fernando Garcia, Jose Trevino and  
6 Nayen were present in which \$2.2 million worth of horses were  
7 purchased, correct?

8 A. Yes.

9 Q. That was paid for by Cessa?

10 A. I'd have to go back and look at the actual auction.

11 Q. Now, recently the Mexican federales ran a search warrant in  
12 Mexico at the residence of a person nicknamed "Cucho."

13 A. Yes.

14 Q. Okay. Who is "Cucho"?

15 A. He is one of the accountants for Miguel Trevino.

16 Q. Okay. And was a list found of horses purchased at U.S.  
17 auctions at that place?

18 A. Yes.

19 Q. A search warrant was also conducted in Mission, Texas,  
20 correct?

21 A. Correct.

22 Q. And that's here obviously in the U.S. and who is that  
23 residence associated with?

24 A. That is the girlfriend of Fernando Garcia.

25 Q. Okay. Was there also a similar list found at that location,

1 list of horses?

2 A. Yes. There was a list of pertaining to one of the auctions  
3 that listed the horses that were purchased and the \$2,240,000  
4 cost, I believe is what it was.

5 Q. Now, there's been some claim that these guys are just  
6 trainers and they don't know what's going on. Was there reports  
7 coming from Ruidoso, New Mexico that they referred to Fernando  
8 Garcia stables as the, quote, unquote, Zeta stables?

9 A. Yes.

10 Q. Now, in his post-arrest statement, Mr. Garcia states that in  
11 paragraph 12, he knows Eusevio Huitron as a race trainer, has  
12 been since 2005. Garcia has not had any dealings with Huitron.  
13 Could you explain to the Court the confidential informant  
14 information that indicates that's not exactly true?

15 A. Right. We were told that Fernando Garcia was in charge of  
16 training the Zeta horses in New Mexico and that they brought  
17 Eusevio Huitron to that location to assist in the training of the  
18 horses. And I believe they may have actually roomed together or  
19 next door to one another.

20 Q. Now, I just want to go back to Mr. Nayen for a second. What  
21 did the CIs with respect to those involved in the drug business  
22 say about Nayen's drug involvement?

23 A. He would get, I think, 20, 25 kilos per month cocaine from  
24 these people. He would have it shipped up by his -- the person  
25 referred to as "Yo-Yo," his right-hand man in the drug business,

1 to have it distributed. He also had access to additional cocaine  
2 from other sources.

3 Q. Now, do you have any information that Jose Trevino's  
4 personally involved in any of the killings conducted by the Zetas  
5 in Mexico?

6 A. Jose Trevino?

7 Q. Jose Trevino.

8 A. No.

9 Q. Do you have any information if Fernando Garcia's personally  
10 involved in any of the killings conducted by the Zeta  
11 organization?

12 A. No.

13 Q. Do you have any information that Carlos Nayan is personally  
14 involved in some of killings conducted by the Zeta organization?

15 A. Carlos Nayan made a statement to one of the witnesses that  
16 he had proved himself to Miguel Trevino.

17 Q. What did that witness understand that to be?

18 A. To mean that Carlos Nayan conducted some type of violence.

19 Q. And with respect to the violence conducted or known to by  
20 Carlos Nayan, what happened when someone would threaten Francisco  
21 Colorado Cessa? What action would take place?

22 A. He could let Miguel and Omar know and the person could be  
23 taken care of, could be killed.

24 Q. And was that done through Nayan?

25 A. Yes.



1 Q. Your Honor, may I have a moment?

2 THE COURT: Sure.

3 Q. (BY MR. GARDNER) One other thing with respect to Mr. Nayan.  
4 Upon his arrest in California, was it discovered that he and his  
5 wife had filed for welfare payments?

6 A. That's what I was told.

7 Q. Okay. And was there at least one particular piece of  
8 jewelry worth over \$30,000 located there?

9 A. Yes. They found a \$30,000 watch.

10 Q. So based on your knowledge of Mr. Nayan's finances, is the  
11 fact he on welfare consistent with his personal wealth?

12 A. No.

13 Q. Pass the witness, your Honor.

14 THE COURT: Just a second. Okay. Who wants to go  
15 first?

16 MR. FINN: I would, your Honor.

17 THE COURT: Yeah. Just for the record, I'm talking to  
18 the interpreter about her capacity to keep going without a break.  
19 Knowing her for a long time, she's strong, she's willing to keep  
20 going, but her colleague downstairs has been at it for a while.  
21 And either way, we're going to make it work, but I'm just telling  
22 the lawyers, we're not breaking for lunch. We're just going to  
23 keep going. All right? Mr. Finn.

24 MR. FINN: May it please the Court, counsel.

25

CROSS-EXAMINATION

1  
2 BY MR. FINN:

3 Q. Agent, my name is David Finn. I don't recognize you. Do  
4 you recognize me?

5 A. No, sir. I do not.

6 Q. Okay. I just have a few questions for you. Probably not  
7 more than 10 or 15 minutes. If you don't understand me, would  
8 you ask me to rephrase?

9 A. Yes, sir.

10 Q. And could we have a gentlemen's agreement that if I ask you  
11 a direct question, you'll give me a direct answer?

12 A. Best I can.

13 Q. Okay. And if I ask you, how's the weather outside, you'll  
14 give me an answer related to the question and not veer off into  
15 something that's nonresponsive? Is that fair?

16 A. Unless I need to explain something that includes the whole  
17 truth. So I can't --

18 Q. The whole truth.

19 A. Because I swear to tell truth, the whole truth so.

20 Q. Okay. We'll try. This --

21 A. Very good.

22 Q. We'll try this the easy way and see how far we can go.

23 How long was this investigation going on?

24 A. IRS started a financial investigation into Jose Trevino, I  
25 believe, in 2010. I believe that FBI --

1 Q. So a couple of years?

2 A. Yes. FBI got information independently and started their  
3 investigation, I believe, in 2010.

4 Q. In the allegation contained in the indictment against my  
5 client Jose Trevino-Morales is that he knowingly used dirty  
6 money, criminal proceeds, knowingly used dirty money to buy and  
7 sell horses for a brutal organization down in Mexico. Is that  
8 basically the allegation?

9 A. Yes.

10 Q. And the charge is -- in this one-count indictment is  
11 conspiracy to launder money. It's not a drug conspiracy, it's a  
12 money-laundering charge, correct?

13 A. Correct.

14 Q. And whether it's using dirty money derived from  
15 prostitution, gambling, loan sharking, or anything else,  
16 knowingly doing so is a crime, in and of itself, correct?

17 A. Money laundering is you have to know it's SUA, specified  
18 unlawful activity.

19 Q. Right.

20 A. And then, you have to do something with that --

21 Q. Right.

22 A. -- to either conceal or to further.

23 Q. Just I want to make it abundantly clear to everyone, but  
24 particularly to Judge, that this ultimately is a money-laundering  
25 charge, not a drug conspiracy charge, correct?

1 A. Correct.

2 Q. There were no allegations whatsoever against Jose  
3 Trevino-Morales that he engaged in any acts of violence, correct?

4 A. Correct.

5 Q. There's no allegation whatsoever in this indictment or in  
6 your testimony that he is a drug user, or a drug pusher, or a  
7 drug buyer or seller. That's not in this indictment, is it?

8 A. It is not.

9 Q. So the thrust of the government's position is that my guy,  
10 Jose Trevino, knew the money was dirty and went ahead and bought  
11 horses and sold horses, anyway, right?

12 A. He joined the organization and did a number of transactions  
13 with the horses. Correct.

14 Q. Okay. Money laundering is normally considered to be a  
15 white-collar offense. Would you agree with that?

16 A. No, sir.

17 Q. Well, you understand that there is not a presumption in this  
18 case for detention. Do you understand that?

19 A. Yes.

20 Q. What's the significance of that?

21 A. Do not know.

22 Q. They could have brought other charges where there's a  
23 presumption for detention, but that's not what we have today.

24 We've got conspiracy to launder money. Money laundering, right?

25 A. Correct.

1 Q. All right. Well, let's talk about these confidential  
2 informants a little bit.

3 How many CIs or confidential informants are involved in  
4 this case? I heard you say five, maybe six?

5 A. Yeah. We're -- it's more than that. I want to say we  
6 probably have 14, 15.

7 Q. Okay. But you're not willing to share with me the names or  
8 identities of any of them, are you?

9 A. That is correct.

10 Q. So not only is the Court being asked to rely on hearsay,  
11 it's also nameless, faceless hearsay, and we have no idea who  
12 these people are, right?

13 A. Correct.

14 Q. We don't know what their criminal history is, do we?

15 A. No, sir. You do not.

16 Q. Did you ever run their criminal history?

17 A. I know the criminal history on some of them. Yes.

18 Q. A bunch of them got jammed up for illegal activity and then,  
19 flipped to try to help themselves out. Isn't that true?

20 A. Yes.

21 Q. And several of them also had immigration issues, flipped,  
22 cooperated to try to help themselves, correct?

23 A. Don't know about the immigration issues.

24 Q. Okay. And some of these confidential informants are  
25 related, aren't they?

1 A. Yes.

2 Q. So now we have nameless, faceless hearsay with people that  
3 are motivated to lie because they're in a jam and getting  
4 prosecuted themselves and some of them are even related, fair?

5 A. Fair.

6 Q. And none of them are in the courtroom today, are they?

7 THE COURT: I thought we weren't identifying them.

8 MR. FINN: Okay. I think I made my point, Judge.

9 THE COURT: You did.

10 Q. (BY MR. FINN) All right. Were there any wiretaps, Title III  
11 intercepts used in this case?

12 A. No court-ordered wiretaps.

13 Q. How else do you get a wiretap if it's not a Title III court  
14 application?

15 A. Consensual monitoring.

16 Q. Consensual monitoring?

17 A. Yes.

18 Q. Okay. So there are some recordings?

19 A. Yes.

20 Q. Do you have recordings here today of Jose Trevino-Morales  
21 saying to somebody, hey, I know this is dirty drug money, but I'm  
22 going to buy horses, anyway? Do you have that?

23 A. No.

24 Q. Do we have any video recordings of my client doing anything  
25 illicit?

1 A. Video, I don't believe so.

2 Q. Photographs?

3 A. No.

4 Q. So we've got no video, no photographs, no wiretap, some  
5 consensual recordings that my guy's not on. So your case is  
6 basically --

7 A. I believe your guy is on some of the recordings.

8 Q. Saying something illicit?

9 A. I don't know what he said. I know there's recording --  
10 recorded calls, but I don't know the content.

11 Q. Do you speak Spanish?

12 A. No.

13 Q. Were the conversations in Spanish?

14 A. Don't believe so.

15 Q. Okay. So you've got these confidential informants. And  
16 you're assuming, based on the allegation, the government is  
17 assuming that -- because you have to assume this. Maybe you can  
18 prove it, maybe you can't -- that he knew that the money that he  
19 was using to buy and sell horses was dirty money.

20 A. I believe that the evidence shows that he had knowledge it  
21 was illegal proceeds, and I believe that that would come out per  
22 all the witnesses that would testify.

23 Q. And we don't know the names of any of these witnesses.

24 A. You do not. That's correct.

25 Q. So what, I'm supposed to trust you basically.

1 A. Yes.

2 Q. Are you aware of the fact that my client had a bookkeeper,  
3 an accountant, a CPA, a tax advisor, and even an attorney that  
4 gave him business advice as to how to manage his horse farm?

5 A. I knew his wife acted as a businessperson for him, and then,  
6 she made a comment that they had a bookkeeper.

7 Q. Did you interview the bookkeeper?

8 A. I have not.

9 Q. Did you interview the accountant?

10 A. No. I have not.

11 Q. Did you interview the CPA that prepared the taxes?

12 A. No. I have not.

13 Q. Did you interview his tax advisor, an attorney in the  
14 Mesquite area of Dallas, Texas?

15 A. No. I have not.

16 Q. But you seized all of my client's records which showed that  
17 he kept meticulous records about every single purchase and sale  
18 that he made, correct?

19 A. I have not had a chance to go through the records. What we  
20 got from the search, I do not know.

21 Q. Well, wouldn't that be useful for the Judge to know? I  
22 mean, if you're engaged in illegal activity, you're probably not  
23 going to record it meticulously, or you're going to use a code,  
24 or something, right?

25 A. Depends on what you're trying to record.



1 Q. All right. Well, let's talk about the quarter horse  
2 industry. Do you know much about the quarter horse industry?

3 A. What I know is what I learned during this investigation.

4 Q. Okay. If I represented to you that it is a common practice  
5 for people buying and selling horses to try to conceal their  
6 identities, use straw purchasers, because it is a cut-throat  
7 competitive business, would you argue with me that that is common  
8 practice?

9 A. No. I wouldn't argue with you.

10 Q. And a lot of times, these purchases are made with cash, wire  
11 transfers, again, to basically conceal somebody's identity,  
12 because you don't want your competitor knowing necessarily who's  
13 buying what horse and at what price, correct?

14 A. I would not argue with you on that.

15 Q. And it's also common practice to send people to auctions to  
16 buy on behalf of people that are not present at the auction,  
17 correct?

18 A. Again, I would not argue with you on that.

19 Q. All right. Have you reviewed -- well, tell the Judge about  
20 my client's extensive criminal history.

21 A. Don't know that he has a criminal history.

22 Q. That would be correct. Absolutely zero criminal history.  
23 And my client is a U.S. citizen, correct?

24 A. Naturalized citizen, I believe.

25 Q. Right. And that means a citizen, correct?

1 A. Yes.

2 Q. And y'all seized his passport when you raided the farm,  
3 correct, not just his but some others, as well?

4 A. I don't know if that was in part of the stuff taken or not.

5 Q. Well, it's in the inventory.

6 A. Okay. Then it was taken.

7 Q. And if I -- if I can represent to you that the federal  
8 prosecutors, seated to my left, has represented to me that  
9 they've got my guy's passport, we could take his word for it,  
10 right?

11 A. Yes.

12 Q. He's an honest guy.

13 Have you seen the presentence report? Or has the  
14 government shared with you what's contained by way of a  
15 recommendation in this case on bond?

16 A. What I heard them talking was that they had recommended a  
17 bond.

18 Q. Right. And then, my client's wife -- her attorney's seated  
19 right there. She's probably in the courtroom somewhere. I've  
20 never met her -- was released earlier by his Honor on a \$25,000  
21 bond with -- unsecured bond with a number of restrictions,  
22 correct?

23 A. I believe that's correct.

24 Q. And the recommendation in this case as to Mr. Jose  
25 Trevino-Morales on this money-laundering charge by Cecilia

1 Salinas is the exact same thing, unsecured bond, 25,000 with a  
2 number, in fact, a boatload of conditions, right? I mean, that's  
3 what you understand.

4 A. If that's what it says.

5 Q. Okay. And Ms. Salinas is trained to evaluate people's  
6 flight risk, their danger to the community, their ability to make  
7 bond, and she does that for a living, day in and day out, for  
8 this court, right?

9 MR. GARDNER: Your Honor, relevance as to what he knows  
10 about Ms. Salinas.

11 THE COURT: Yeah. Where are you going with that? I  
12 mean, I have the report and I have read it.

13 MR. FINN: All right. I can move on.

14 THE COURT: Okay.

15 Q. (BY MR. FINN) You mentioned during your direct testimony  
16 that my client stated that he used to travel to Nuevo Laredo,  
17 Mexico about five times a year, right?

18 A. No. I didn't say that.

19 Q. Okay. The prosecution asked you how many times my guy, my  
20 client crossed into Mexico. Remember that testimony?

21 A. Yes.

22 Q. And what was your answer?

23 A. You have two times in 2006, once in 2007, three times in  
24 2010, one time in 2011, two times in 2012, the last one being May  
25 14, 2012. Those are the documented border crossings. How many

1 times he crossed that wasn't documented, I have no idea.

2 Q. Right. We'd be guessing at that, right?

3 A. Yeah. I have no idea.

4 Q. Could have been a hundred times, could have been no times.

5 So if my client told Pretrial Services that he traveled  
6 to Nuevo Laredo, Mexico about five times a year, that's more or  
7 less accurate. In fact, it may be an overstatement, right?

8 A. That's if it's five times per year, then it's more than what  
9 I have on here. So there's several times that he crossed that  
10 were not documented.

11 Q. That's all, Judge. Pass the witness.

12 THE COURT: Thank you, Mr. Finn. Who wants to go next?  
13 Mr. Womack, give us one second with the interpreter. Mr. Womack,  
14 witness is yours.

15 MR. WOMACK: Thank you.

16 CROSS-EXAMINATION

17 BY MR. WOMACK:

18 Q. Thank you. Good morning, agent -- special agent.

19 A. Good morning.

20 Q. I'm Guy Womack. I represent Fernando Garcia. We've never  
21 met before either, have we?

22 A. No, sir. We have not.

23 Q. During your testimony, you said that at a Heritage auction  
24 and I believe this was on 2012, it was referred to as page 46 of  
25 your bank affidavit. You talk about an auction where a lot of

1 horses were involved at this Heritage auction, mixed auction  
2 sale. And in there, in your affidavit for the search warrant,  
3 you say that Fernando Garcia, he assisted in the auction?

4 A. Yes.

5 Q. How did he assist?

6 A. The details of what he did, I do not know. I do know that  
7 in that auction that they recorded his name on a number of the  
8 documents. Let me get to that here.

9 Q. So what you have is that he might have participated in  
10 helping select horses and actually buying some of the horses.

11 A. Correct. He may have been the one helping select, giving  
12 directions on what to do, that type of stuff.

13 Q. And as far as you know, there's nothing illegal about  
14 someone doing that, is there?

15 A. No.

16 Q. Especially not if you're a horse trainer.

17 A. If you are a person who's doing it for legit -- businessman  
18 and legit reasons, then you're right. I mean, somebody could go  
19 up there and bid and do whatever.

20 Q. And even if you don't know about the legitimacy of the  
21 person you're working for, as far as you're doing it  
22 legitimately, that's okay, isn't it?

23 A. If you don't know the source of the funds and you're doing  
24 this, then you can actually do it without violating the law.

25 Q. Okay. Now, you told us that there's something about

1 receipts for some deposits. It was like \$51,000 that were in  
2 deposits that were made on February 28, 29 and March 1 of 2012 as  
3 payment -- partial payment of these horses; is that correct?

4 A. Correct.

5 Q. And if I understand correctly from reading your affidavit,  
6 what happened was that for part of that, that \$51,000 that went  
7 to pay for five horses and then, two foals that were bought in  
8 utero, they weren't even alive -- I mean, they weren't even --  
9 hadn't even been delivered yet, correct?

10 A. Correct.

11 Q. But speculating on that, these individuals bought those  
12 effectively seven horses, correct?

13 A. Yes.

14 Q. Okay. And you said that some of the money was paid through  
15 an ATM machine?

16 A. Yes.

17 Q. Okay. And then, ultimately there were receipts for each of  
18 those deposits, correct?

19 A. Correct.

20 Q. And the involvement of Mr. Garcia in that was that he sent  
21 an e-mail to Heritage, to the auction house, and informed them  
22 that all the payments had been made now and here are copies of  
23 the receipts I've received from a person who made the payments,  
24 correct?

25 A. Yes.

1 Q. Okay.

2 A. And --

3 Q. And to your knowledge, there was nothing illegal about  
4 telling Heritage that, oh, by the way, we have satisfied the  
5 complete debt to you. There's nothing wrong with that, is there?

6 A. Unless he knows that the proceeds are from illegal  
7 activities, then there's something wrong with it. Yes.

8 Q. Right. And so, based on what we have here and what Mr.  
9 Garcia must have known, all we know is that he reported to the  
10 Heritage auction house that the complete debt had been satisfied,  
11 correct?

12 A. The documents show that the cash was structured into the  
13 accounts, and the documents show that he notified Heritage Place  
14 that the funds were there.

15 Q. Correct. He notified Heritage Place that the debt had been  
16 satisfied, correct?

17 A. Yes.

18 Q. And he actually sent them copies of these receipts proving  
19 that, correct?

20 A. Yes. They were attached to the e-mail.

21 Q. And he was not the one who made these, what you're calling  
22 structured deposits, was he?

23 A. No. He did not personally make those that I know of. We  
24 believe --

25 Q. So he merely reported to the auction house, hey, we have

1 completely satisfied the debt owed to you for these horses,  
2 correct?

3 A. Yes. He notified Heritage Place.

4 Q. Okay. And Heritage Place was the auction house?

5 A. Yes.

6 Q. Okay. And you know from your investigation that Fernando  
7 Garcia is a 29-year-old horse trainer.

8 A. Yes. I believe he has a degree from Arizona State that  
9 deals something with that, too.

10 Q. He went to the University of Arizona, didn't he?

11 A. Arizona State.

12 Q. The only university?

13 A. Okay.

14 Q. He went to a -- an Arizona university, correct?

15 A. Yes.

16 Q. Okay. How do you know the value of a quarter horse?

17 A. Me personally?

18 Q. Can you look at it and tell the value of it?

19 A. Me? No. Can other people? Yes.

20 Q. But even for someone that knows horses and makes their  
21 living in evaluating horses, they can be wrong about the value of  
22 a horse, can they?

23 A. Yes, they.

24 Q. They can -- for example, they can look at a mare who's  
25 carrying a foal and they can say, you know, we think knowing her



1 bloodline and the bloodline of that foal, that that foal is worth  
2 buying, correct?

3 A. There's a number of people that can look at a horse, look at  
4 the bloodline and give you a value of that horse.

5 Q. And sometimes, like happened in 2012 at Heritage, people who  
6 are knowledgeable in the quarter horse business may buy a foal in  
7 utero and the foal may die, correct?

8 A. It's possible, yes.

9 Q. Well, you know from your investigation in this case that's  
10 happened in this case? Didn't you tell us that one of the foals  
11 died?

12 A. I don't think I told you that.

13 Q. No. I thought you said that. Did you not say that?

14 A. No. I don't believe I did.

15 Q. Okay. But necessarily there's a risk when you buy a foal in  
16 utero that it may not even survive, correct?

17 A. Correct.

18 Q. And sometimes you may look at a horse that has a good  
19 bloodline, and it may never really realize what you thought its  
20 potential was, correct?

21 A. Yes.

22 Q. And sometimes horses that may not have a great pedigree may  
23 turn out to be a very successful horse, correct?

24 A. Correct.

25 Q. So necessarily it's always guesswork at what a particular

1 horse is worth, isn't it?

2 A. By the people that -- yes. By the people that know.

3 Q. Even by those people, it's still guesswork, isn't it?

4 A. They will determine the value based on performance and  
5 bloodline.

6 Q. Right. And so, if you buy a horse that's just starting out,  
7 you don't know his or her performance yet, will you?

8 A. Correct.

9 Q. And so, would you agree with me that the value of a horse,  
10 especially a racehorse, may go up and down throughout the  
11 competitive life of that horse, correct?

12 A. If it performs well in a race, the value will go up.

13 Q. So is that a yes, the value can go up and down? Is that a  
14 yes?

15 A. It can go up. If it performances poorly, it can go down.

16 Q. Okay. So that was a yes then? It can actually fluctuate,  
17 can't it?

18 A. If it goes up and wins races, then you have a value that  
19 will stay consistent. If you have a horse that loses and doesn't  
20 win any, the value will stay low.

21 Q. Okay. So if a horse -- if I understand you, then, you're  
22 saying that if a horse wins, that -- his value will stay up there  
23 forever, correct?

24 A. If a horse wins and is considered a good bloodline.

25 Q. Uh-huh.

1 A. Then use that horse for breeding and stays there, the value  
2 of that horse will stay consistently high is my understanding.

3 Q. And could it be that if the horse gets too old to race  
4 anymore, then its value might diminish?

5 A. No. At that point in time, you use it either as a donor  
6 mare or a stud horse, so the value will remain consistent.

7 Q. And a horse that's merely now good for breeding, is it as  
8 valuable as a horse that's about to win a race tomorrow?

9 A. Yes.

10 Q. It is?

11 A. Yes.

12 Q. In your opinion, a horse that might win tomorrow is no more  
13 valuable than an older horse that's merely good for semen.  
14 That's what you say?

15 A. I believe that's correct.

16 Q. Okay. But you think there might be experts who would  
17 disagree with you on that?

18 A. Could be. Like I say, I'm not an expert at it.

19 Q. From your investigation of Fernando Garcia, you don't know  
20 of him being involved in any acts of violence of any kind, do  
21 you?

22 A. That is correct.

23 Q. And you have no recordings, videos, audio recordings,  
24 nothing of Fernando Garcia discussing anything illegal with  
25 anyone, do you?

1 A. I believe there's recordings of him.

2 Q. Talking to someone?

3 A. Yes.

4 Q. And is he saying anything about drug money?

5 A. Don't know the contents of the phone calls.

6 Q. So to your knowledge, you have no recordings of Fernando

7 Garcia saying anything illegal, correct?

8 A. Don't know the contents.

9 Q. So that's yes, or you know of nothing that he has said

10 illegal, correct?

11 A. Again, I do not know the contents of the phone calls.

12 THE COURT: You see, that wasn't his question. It's

13 just do you know, "Yes" or "No"?

14 THE WITNESS: No. I do not know.

15 Q. (BY MR. WOMACK) Okay. And you have no evidence of Fernando

16 Garcia visiting any known Zetas on any of the trips that he ever

17 made into Mexico.

18 A. No. I do not.

19 Q. You know he's a lawful permanent resident of the United

20 States. You know that?

21 A. Yes. I think I did. Yes.

22 Q. In fact, he's been here since he was three weeks old. You

23 know that?

24 A. No. I did not know that.

25 Q. Okay. You know he lives -- that his parents live in the

1 Mission, Texas area?

2 A. I don't know if I knew that or not. If I did, I don't  
3 recall it.

4 Q. His siblings live there, too, don't they, in that area?

5 A. I do not know.

6 Q. You know his fiance lives in that same area?

7 A. The girlfriend, yes. Fiance, I didn't know his fiance but  
8 the girlfriend, yes.

9 Q. And, in fact, they all -- all the family and the extended  
10 family, his fiance, they all live within about a mile of each  
11 other, don't they?

12 A. That I did not know.

13 Q. You know that Fernando Garcia has no prior convictions of  
14 any kind. You're aware of that?

15 A. Yes.

16 Q. And as with Mr. Trevino, you know that probation has  
17 recommended that he be released pending trial on a bond, correct?

18 A. I'd heard that. Yes.

19 Q. We have no further question.

20 THE COURT: Thank you, Mr. Womack. Mr. Rubino.

21 MR. RUBINO: Yes, sir.

22 CROSS-EXAMINATION

23 BY MR. RUBINO:

24 Q. Good afternoon, Agent.

25 Sir, I represent Carlos Miguel Nayan, who's the

1 gentleman to your left. The last one. Do you see him there?

2 A. Yes, sir.

3 Q. During the course of your investigation, have you ever  
4 personally observed Carlos Miguel Nayen?

5 A. No, sir. I have not.

6 Q. Initially in your early testimony today, you said in 2010,  
7 Carlos Nayen purchased horses for the organization. Do you  
8 remember saying that?

9 A. Yes.

10 Q. How many times in 2010 did Carlos Nayen actually purchase  
11 horses?

12 A. His name appearing as the actual purchaser? I don't believe  
13 that ever happened.

14 Q. So the answer is he never purchased horses.

15 A. I guess the proper thing would be he directed the purchase  
16 of horses.

17 Q. Well, did he act as a bidder at any time?

18 A. No. I believe he had other people act as the bidders.

19 Q. No. My question simply stated is, did he act as a bidder?  
20 It's a simple "Yes" or "No" question.

21 A. No. He did not.

22 Q. Did he act as an agent?

23 A. I don't believe his name appears on any documents.

24 Q. Did he act as a broker?

25 A. No, sir.

1 Q. Did he act as an owner?

2 A. Some horses are in Carmina, LLC. So yes. On some of them,  
3 I think he did.

4 Q. Is he the owner of Carmina, LLC?

5 A. Yes.

6 Q. So when did Carmina, LLC purchase any horses?

7 A. Without going back and look at the records, I could not tell  
8 you.

9 Q. How many auctions in 2010 did he attend?

10 A. Without going back and looking at the entire thing, I could  
11 not tell you. I know FBI did surveillance, I think, in 2010 and  
12 2011. I know he was at one, maybe at both. He was at the  
13 auction, I believe, in Heritage Place in 2010. But without going  
14 back and rereading and/or looking specifically for that, I cannot  
15 tell you.

16 Q. So basically what you're telling us, to the best of your  
17 knowledge, he may have attended two auctions, one in 2010 and one  
18 in 2011; is that correct?

19 A. No. He may have -- I believe he attended more than that,  
20 but without going back and looking, I can't tell you how many.

21 Q. How many more do you think? Three? Four? Five? A  
22 hundred?

23 A. Without looking, can't tell you.

24 Q. Don't have the faintest idea?

25 A. Without looking, can't tell you.

1 Q. Now, you told us about CI 1. Has CI 1 ever met the  
2 Defendant Nayen?

3 A. I want to say yes, but I'd have to go back and read to be  
4 sure.

5 Q. Have you interviewed CI 1 personally?

6 A. Yes.

7 Q. And did he ever tell you that he personally observed the  
8 Defendant Nayen?

9 A. Without going back and reading, I could not tell you. We've  
10 interviewed a number of different folks, and I don't know exactly  
11 what he said without reading it. Could not tell you.

12 Q. This was your chance to do it today. Okay.

13 How about an any other CI, without going through 15 or  
14 16 of them, two, three, four or five, et cetera, which ones can  
15 you tell me have actually personally observed Nayen?

16 A. Can't tell you how many.

17 Q. Can you tell me if any have personally observed Nayen?

18 A. Okay. CI No. 1 did meet Carlos Nayen.

19 Q. Where did he meet him?

20 A. Don't know.

21 Q. When did he meet him?

22 A. Don't know. But in the affidavit, it talks about in October  
23 2010 to January 2011, he gave Nayen 20 kilos of cocaine every two  
24 weeks. I believe he also had people give Nayen cash. So yes, I  
25 believe CI 1 did, in fact, meet Carlos Nayen.



1 Q. Any other CI ever personally met Nayen?

2 A. I know a couple more did. Yes.

3 Q. Which ones personally met him face-to-face, dealt with him?

4 A. CI 7 and CI 8.

5 Q. Okay. When did CI 7 meet him? Where and under what  
6 circumstances?

7 A. CI 7, don't recall where they met.

8 Q. How about CI 8? When and under what circumstances?

9 A. I believe that was actually at an auction.

10 Q. First time CI 8 ever observed the defendant was at a horse  
11 auction?

12 A. I think so.

13 Q. Did he observe him -- what did he observe him during? What  
14 did he report to you he observed him doing at a horse action?

15 A. I believe CI 8 talks about Carlos Nayen and Jose Trevino and  
16 others entered into a relationship where horses would be boarded  
17 at a place in California.

18 Q. Sounds more like a meeting. Was he present for this meeting  
19 and heard or observed all this?

20 A. Yeah, I believe.

21 Q. Is that what you're telling us?

22 A. Yes. I believe so.

23 Q. Okay. Now, you told us the drug proceeds were sent to  
24 Carlos Nayen at racetracks, \$4 million in cash, you said.

25 A. Four million total, not all those at race tracks. No, sir.

1 Q. Okay. So \$4 million, you say, was sent to Carlos Nayan,  
2 correct?

3 A. Yes.

4 Q. And was that in cash, U.S. currency?

5 A. Yes.

6 Q. And was it all delivered at one time?

7 A. No.

8 Q. Was it delivered over a period of time?

9 A. Yes.

10 Q. How long a period of time?

11 A. Don't know.

12 Q. Who delivered it to him?

13 A. CI 1 either delivered himself or directed a person to  
14 deliver the cash to him.

15 Q. Which was it?

16 A. I think both.

17 Q. So the only person who delivered money to the defendant was  
18 CI 1. Is that your testimony, sir?

19 A. Don't know. Either he did himself or he directed people to  
20 do it. Which other CIs did it, I do not recall.

21 Q. Now, you told us that Nayan met with gatekeepers, and he  
22 made an agreement to fix races with them.

23 A. Yes. Fix a race.

24 Q. Where do you get that information that he met with  
25 gatekeepers?

1 A. The CIs.

2 Q. How many CIs?

3 A. I think four CIs talk about it. Four or five.

4 Q. Were they present -- I'm sorry. I didn't mean to cut you  
5 often.

6 A. Four or five.

7 Q. Were they present at that meeting?

8 A. No. I don't think so.

9 Q. Were any of them present at the meeting?

10 A. At which meeting are you talking about?

11 Q. At any meeting where he bribed people to throw races.

12 A. No. I don't think they were.

13 Q. Well, then, how do they know if they weren't there?

14 A. Because they sent the money.

15 Q. But they weren't present at any meeting where he allegedly  
16 bribed anybody?

17 A. They were not present during the meeting with the  
18 gatekeepers.

19 Q. That's my question --

20 A. That is correct.

21 Q. -- simply stated.

22 A. They were not present.

23 Q. So they heard no words, saw no acts of him meeting with  
24 gatekeepers.

25 A. No. The conversation, I think it was directions from Carlos

1 and Miguel to send the money to this particular person.

2 Q. That wasn't my question. I don't think you were paying  
3 attention.

4 The question simply stated, sir, is they were never  
5 present at any meeting with any gatekeepers where he instructed  
6 gatekeepers to throw a race. Is that true or not true?

7 A. Gatekeepers, I think that's true.

8 Q. Thank you.

9 Has anyone reported to you that they were ever present  
10 at a meeting with him and gatekeepers where he asked gatekeepers  
11 to throw races?

12 A. Okay. One more time.

13 Q. Was any -- has anyone reported to you that they were present  
14 at any meeting where Nayan met with gatekeepers to throw a race?

15 A. I'm not quite following your question.

16 Q. I'll try it again.

17 Allegedly, Nayan meets with gatekeepers to throw a  
18 race, correct?

19 A. Correct.

20 Q. Do you have any witness who was present at the meeting where  
21 that occurs?

22 A. With the gatekeepers, no.

23 Q. Yes. The answer is no, you do not, correct? Have you ever  
24 interviewed any of the gatekeepers?

25 A. No. I have not.

1 Q. Have any of them been arrested?

2 A. Not at this time.

3 Q. Has law enforcement officer interviewed any of the  
4 gatekeepers?

5 A. Do not know.

6 Q. Has it been reported to you that any law enforcement  
7 officers interviewed any of the gatekeepers?

8 A. No.

9 Q. Now, you've told us Carlos Nayan was present at an auction  
10 where two horses and two foal were purchased, and part of the  
11 money to pay was by wire transfer and part was supposed to be  
12 \$650,000 in cash. Remember that incident you testified about?

13 A. Yes.

14 Q. Okay. Which auction was that?

15 A. Heritage Place 2010, I believe. It was the Dashin Follies,  
16 Coronita Cartel purchase.

17 Q. So the answer is Heritage Place 2010?

18 A. Let me double-check. January 2010.

19 Q. Okay. Carlos Nayan was observed at the Heritage Place 2010  
20 January auction, correct?

21 A. Yes.

22 Q. And who observed him there?

23 A. One of the CIs.

24 Q. Okay. And did the CI report to you that Carlos Nayan  
25 actually bid on any horses?

1 A. No.

2 Q. Did he report that he acted as a broker on any horses?

3 A. No.

4 Q. Did he report that he personally purchased any horses?

5 A. No.

6 Q. What did Carlos -- what was it reported to you by the CI  
7 that Nayen did at that particular auction?

8 A. He was attempting to assist in the payment of the horses.

9 Q. Okay. He attempted to assist in the payment. How did he do  
10 that? How did he attempt to assist?

11 A. By offering to give the \$650,000 in currency to Heritage  
12 Place.

13 Q. Okay. Who did he offer to pay the currency to?

14 A. I don't know if it was Heritage Place itself, an employee at  
15 Heritage Place, or CI 7.

16 Q. Now, are you telling us that your CI reports that he walked  
17 up to an employee of Heritage Place and asked them if they would  
18 accept \$650,000 in cash? Is that your testimony?

19 A. How it actually took place, I do not know. I don't know if  
20 it was through CI 7 or if it's through an employee. I don't  
21 recall that.

22 Q. So you allege that he offered to assist. We don't have the  
23 faintest idea how he did it, right?

24 A. He talked to somebody and explained that the currency was in  
25 Laredo, Texas and that somebody would have to go to Laredo, Texas

1 to get the currency.

2 Q. Who did he talk to? Who's somebody?

3 A. Apparently it's CI 7.

4 Q. So he didn't talk to an auction official and he didn't  
5 attempt to pay an auction official or an auction company, did he?

6 A. The auction owner refused to receive that much in currency.

7 Q. No. That's not my question. My question simply stated  
8 is --

9 MR. GARDNER: Your Honor, I think it was his question.  
10 So we're going to object and allow the Court to let the witness  
11 answer the question that was posed.

12 MR. RUBINO: I'd appreciate if he would answer the one  
13 posed.

14 THE COURT: Okay. Answer the one posed.

15 Q. (BY MR. RUBINO) Which simply stated is --

16 MR. GARDNER: Judge, I think the witness --

17 THE COURT: Mr. Gardner, what was the question then?

18 MR. RUBINO: Let's have them read it back, then, if  
19 that's what it takes.

20 THE COURT: We don't have a read it back.

21 MR. RUBINO: Okay.

22 MR. GARDNER: Question was, what was the somebody, and  
23 the witness was answering that somebody was the auction owner,  
24 and he was not allowed to finish that question. I think he  
25 should be allowed to finish the question asked, your Honor.

1 THE COURT: Well, if it's the auction owner, it's the  
2 auction owner. Is it the auction owner?

3 THE WITNESS: It says -- I don't know if it's the  
4 auction owner or CI 7 that actually provided the information.

5 THE COURT: Okay. That was the question. So that was  
6 the answer.

7 Q. (BY MR. RUBINO) The answer is I don't know.

8 A. Do not know.

9 Q. Now, he was observed at the Heritage Place auction in  
10 September 15th, he meaning the defendant, September 15th, 2011  
11 also. Am I correct?

12 A. September 15th, 2011?

13 Q. I think that was the date you gave.

14 A. All right. Are you talking about Heritage Place?

15 Q. Okay.

16 A. Are you talking about Ruidoso?

17 Q. That's what I understand. Correct me if I'm wrong.

18 A. Okay.

19 Q. My notes say, Nayan was observed at an auction and photos  
20 were taken of him. That's the one I'm speaking of.

21 A. I believe that was Ruidoso.

22 Q. I'm sorry, sir?

23 A. Ruidoso, New Mexico.

24 Q. My mistake. Okay. At Ruidoso, New Mexico, he was observed  
25 at an auction, correct?



1 A. Yes.

2 Q. How many other people were observed at that auction?

3 A. FBI had set surveillance up to observe -- let me get to that  
4 place and I'll tell you.

5 Q. Well, let me make it simple for you. Weren't there hundreds  
6 of people observed there?

7 A. They were folks on -- okay. Here it is. September 3rd  
8 through 5th, 2010, FBI agents observed Jose Trevino, Carlos  
9 Nayen, Sergio Rincon, Rene Ruiz, Raul Ramirez, Jr. and others.

10 Q. Okay. So that's five or six people they observed. Weren't  
11 there hundreds of people there?

12 A. Yes.

13 Q. How did they not observe hundreds of other people?

14 A. They were concentrating on those individuals I just  
15 mentioned.

16 Q. So out of the hundreds, they only saw five of them is your  
17 testimony?

18 A. No. My testimony is that they went there to surveil Jose  
19 Trevino, Carlos Nayen, Sergio Rincon, and they identified Rene  
20 Ruiz, Raul Ramirez, Jr. as people that were associated with Jose  
21 Trevino and Carlos Nayen.

22 Q. Okay. Now, they observed Nayen there. Did they observe  
23 Nayen purchase any horses?

24 A. No.

25 Q. Did they observe him bid on any horses?

1 A. That was done through Rene Ruiz.

2 Q. Did they observe him bid on any horses?

3 A. Personally bid, no.

4 Q. Did they observe him act as a broker?

5 A. Personally, no.

6 Q. Did they observe him sign any documents?

7 A. No.

8 Q. Now, that's the time when \$2.2 million worth of horses were  
9 purchased. I think it was 23 horses, was it not?

10 A. Correct.

11 Q. Okay. And he did not buy, bid, purchase, or broker that  
12 sale, did he?

13 A. Not personally.

14 Q. Now, you say a CI says Nayen would get 20 to 25 kilos. Is  
15 that the same CI, CI 1 we talked about earlier?

16 A. Yes.

17 Q. Now, did CI 1 -- he says Nayen would get them. How does he  
18 know? Did he provide them to him?

19 A. Yes.

20 Q. Personally?

21 A. That I do not know.

22 Q. How many occasions did he provide them to him?

23 A. I think twice a week for October 2010 through January 2011,  
24 25 kilograms of cocaine every two weeks. And then, he had an  
25 additional cocaine source of another supply link to Los Zeta.

1 Q. Now, is it CI 1's testimony to you or another law  
2 enforcement officer that Nayen would actually distribute this  
3 cocaine?

4 A. He had a man named "Yo-Yo" that acted as his right-hand man  
5 who had actually was responsible for moving the narcotics for  
6 him.

7 Q. Now, are there any audio recordings of Nayen?

8 A. Yes.

9 Q. All right. Are these audio recordings that were made  
10 personally or made on the telephone?

11 A. Telephone.

12 Q. No personal ones?

13 A. Correct.

14 Q. Were there any video recordings of Nayen?

15 A. No. There's photographs at the auctions, but I don't know  
16 that they video-ed it.

17 Q. Okay. There are no other photos/videos other than that at  
18 auctions, correct?

19 A. I believe that's correct.

20 Q. Have you seized or obtained any physical evidence against  
21 Nayen?

22 A. Such as?

23 Q. You tell me what you may have seized either came from,  
24 belongs to him.

25 MR. GARDNER: Excuse me, your Honor. I'm going to

1 object. This is a detention hearing as been noted by other  
2 defense attorneys, not a discovery hearing. He files an  
3 appropriate motion, I'll give him everything we've seized as it  
4 relates to this defendant.

5 THE COURT: I have no doubt you won't, but a minute  
6 ago, we talked about weight of the evidence as a factor and we  
7 got into details. So go ahead.

8 Q. (BY MR. RUBINO) You may answer the question.

9 A. There's a number of things we have in our possession.  
10 Financial documents. They seized some things from his residence  
11 in California. I have not had a chance to review those documents  
12 or those -- those items from California.

13 Q. Okay. I have nothing further. Thank you, your Honor.

14 THE COURT: Thank you.

15 RE-DIRECT EXAMINATION

16 BY MR. GARDNER:

17 Q. You recall the question by Mr. Rubino that Carlos Nayan --  
18 and I don't know if I got the words right -- bid, purchased, buy,  
19 broker, signed for any horses. You recall those sets of  
20 questions?

21 A. Yes.

22 Q. Why is he going to all these auctions then? Is he an  
23 auction groupie?

24 A. No. The witnesses said --

25 THE COURT: The question was, is he an auction groupie?

1 A. No.

2 Q. (BY MR. GARDNER) Okay. So why is he at all these auctions  
3 if he's not doing anything?

4 A. He's directing other people to buy horses for the  
5 organization, according to the witnesses.

6 Q. Okay. According to the other witnesses?

7 A. Yes.

8 Q. And when you talk about CIs, you take a CI at his word  
9 alone?

10 A. No. You've got to corroborate it. Corroborate the CI.

11 Q. Okay. And all these CIs, are all of them facing criminal  
12 charges?

13 A. No.

14 Q. Are some just concerned citizens?

15 A. Yes.

16 Q. Okay. And have you interviewed other witnesses that are not  
17 listed as CIs involved in this case?

18 A. Yes.

19 Q. Okay. Pass the witness, your Honor.

20 MR. FINN: One question, your Honor.

21 THE COURT: Sure.

22 RE-CROSS EXAMINATION

23 BY MR. FINN:

24 Q. I think I can hear somebody's stomach grumbling for lunch  
25 and it could be mine, if not yours.

1           Agent, you've referred during your testimony to, a  
2 number of times, CI 1, CI 2, CI 3. What's the grand total of CIs  
3 that you've testified about today?

4       A. We have, I think, eleven CIs in the affidavit. Since then,  
5 we have talked to several more individuals that I think would  
6 fall into that category and be a CI. So we're --

7       Q. Let me interrupt you so we can expedite this.

8           When this case goes to trial and we have a transcript  
9 of this hearing and it has you referencing CI 1, CI 2, we might  
10 not be able to know who you're referring to. Would you be  
11 willing, if the Court asks you to do so, to write down the  
12 identities? You don't need to give them to me, but give them to  
13 the Court, you know, under seal, ex parte so that, down the road,  
14 we know exactly who you're referring to. Would you be willing to  
15 do that if the Court requested it?

16           MR. GARDNER: Your Honor, I'm going to object at this  
17 point. That's more appropriate for a motion to disclose the name  
18 of the CI. And then, if we do get to trial, we could always  
19 cross-examine them on the CI.

20           MR. FINN: The problem with that, Judge, and I'm doing  
21 this for a reason. I've had this happen where at a detention  
22 hearing, the witness says, CI 1, 2, 3, 4, 5. If there's not some  
23 record somewhere as to who he's referring to as CI 1 here today,  
24 there's a chance that it's going to be confusion by the time we  
25 get to trial.

1           THE COURT: Well, I see what you're worried about, but  
2 I'm going to sustain the objection. The reason I am is if he's  
3 deviating from who 7 is, who 8 is, who 1 is at a trial, he's  
4 opening himself up, or the government has certainly, to some  
5 pretty good cross-examination. That would be a point I think  
6 you'll make at trial.

7           MR. FINN: Right. As long as I know. I mean -- and  
8 I'm not suggesting that the government is devious or wouldn't  
9 give Brady or Jencks or Giglio. I'm just saying I have been down  
10 this road before and it's caused confusion. But I respect your  
11 ruling. That's all I have. Thank you.

12           THE COURT: Thank you, Mr. Finn. Mr. Womack, anything  
13 further?

14           MR. WOMACK: No questions.

15           THE COURT: Mr. Rubino?

16           MR. RUBINO: No, sir.

17           THE COURT: All right. Of these CIs that you've  
18 mentioned, Agent Pennington, you know, I know y'all have many  
19 decisions to make, but is, like, CI 1 number prepared to testify?

20           THE WITNESS: Yes.

21           THE COURT: Seven and 8?

22           THE WITNESS: Yes.

23           THE COURT: Then why do you believe them?

24           THE WITNESS: Because we have corroborated them with  
25 other Cs with documentation.

1 THE COURT: Okay. That's all I have. You can step  
2 down.

3 MR. GARDNER: Your Honor, we would -- we have no other  
4 witnesses with respect to the evidence. I would like to call,  
5 however, Ms. Stacy Salinas with regards to some of the  
6 verification she made in her reports.

7 THE COURT: Well, she's not here right now.

8 MR. GARDNER: Your Honor, I sent her an e-mail this  
9 morning, said I would like her to be present for testimony.

10 THE COURT: Okay. David, can you call her and get her  
11 over here? And we'll, of course, get her here. But anything  
12 further that you need?

13 MR. GARDNER: Your Honor, about the only thing I would  
14 ask the Court to do -- I'm not asking the Court take judicial  
15 notice of the Pretrial Services report on either Miguel Trevino  
16 or Fernando Garcia. I will add to the Court --

17 THE COURT: You are or are not?

18 MR. GARDNER: Are not. I am asking the Court with  
19 respect to the Pretrial Services report out the Central District  
20 of California with respect to Mr. Nayan, and there's two of them,  
21 your Honor. I don't know if the Court's seen both of those.

22 THE COURT: No. I've got them.

23 MR. GARDNER: Particularly with respect to the fact  
24 that he declined to provide an interview with the Pretrial  
25 Services report. But absent Ms. Salinas, your Honor, and I don't



1 know if the defense has any witnesses.

2 THE COURT: Well, Mr. --

3 MR. GARDNER: I don't have anything else.

4 THE COURT: Let me ask you this. If Ms. Salinas were  
5 called to testify, I mean, do you have a proffer that can get us  
6 where we need to be?

7 MR. GARDNER: Maybe, your Honor. I am concerned that  
8 her only source of verification for Jose Trevino-Morales is the  
9 codefendant's wife. I mean, I -- in my opinion, taking the  
10 wife's unverified word as a codefendant presents all kinds of  
11 problems. The statements that Mr. Trevino makes with respect to  
12 he doesn't know the value of his own ranch, wasn't verified. Ms.  
13 Salinas had the opportunity to call the agents, call other folks,  
14 call INS with respect to border crossing. So I'm concerned that  
15 the report with both respect to Mr. Garcia and Mr.  
16 Trevino-Morales, they're essentially unverified.

17 THE COURT: Well, I guess my quick thinking here is  
18 that whether I take judicial notice of it or not, I've read it.  
19 I've read the report. And so, we both know what's in the report.  
20 And I think what you're talking about is more argument than it  
21 is --

22 MR. GARDNER: Right. I mean, I can make the argument,  
23 your Honor. Let me just -- give me a second, please.

24 If I could direct the Court's attention to Mr. Garcia's  
25 Pretrial Service report. Your Honor, he mentions that he -- his

1 parents live in -- and siblings live here in Texas. However, in  
2 his post-arrest interview, he mentions that he has family members  
3 in Mexico, something he didn't mention or something that Ms.  
4 Salinas didn't inquire into.

5 THE COURT: Right. But I think you established that,  
6 didn't you?

7 MR. GARDNER: I agree, your Honor. I'm just pointing  
8 out to that. So I'm a little concerned with respect to that  
9 verification. And I guess this is sort of argument in advance of  
10 argument. Your Honor, I'm also concerned that, you know, she  
11 used Veronica Aguirre as someone who obviously has a bias for Mr.  
12 Garcia as the sole source of verification, particularly with the  
13 terms of employment history, because as you've seen, he only  
14 lists Bonanza Racing Stables as his employment, but he also owns  
15 his own business Garcia Bloodstock. And there's also insurance  
16 document indicates he has a managerial position with a company  
17 called Fast And Furious. So I'm a little concerned with the  
18 employment history with respect to him, your Honor.

19 Your Honor, with respect to Mr. Jose Trevino Morales  
20 where he talks about three siblings, well, two of the siblings  
21 are probably the most violent drug traffickers in Mexico. So I'm  
22 a little concerned as to the extent that Ms. Salinas went into  
23 questions of Mr. Trevino regarding his contact with his two  
24 brothers. The travel history shows he crossed in May of 2012.  
25 So I was concerned about when she -- if she asked him

1 specifically the last time he crossed because, in my opinion,  
2 crossing two months prior is something you can fairly remember.  
3 I'm concerned with the fact that he doesn't know the payment for  
4 the properties in Lexington, Oklahoma, despite the fact obtaining  
5 the properties in this year.

6 THE COURT: But, see, I guess what I'm suggesting is  
7 that Ms. Salinas is going to say that Mr. Trevino and Mr. Garcia  
8 said what is in the report, and to the extent you believe it's  
9 inaccurate, you've attempted through Agent Pennington to impeach  
10 that.

11 MR. GARDNER: I agree, your Honor. No. I totally  
12 agree. I mean, I'm not saying I need to call her. I just wanted  
13 to make sure that those inconsistencies were pointed out based on  
14 the evidence and the fact that the verification of the Pretrial  
15 Services report wasn't as complete.

16 THE COURT: You know what my favorite part of hearings  
17 is?

18 MR. GARDNER: What's that, Judge?

19 THE COURT: The lawyering part. So I'm going to  
20 suggest that that's argument. And then, I'm looking forward to  
21 hearing your argument. But why don't we start -- if there's no  
22 other evidence and to be presented by the defense, do y'all have  
23 something -- anything Mr. Finn? Mr. Womack?

24 MR. FINN: No, your Honor.

25 MR. WOMACK: No, sir.

1           THE COURT: Mr. Rubino? All right. Then let's argue.  
2 Mr. Finn, since you've gone first, why don't you take the  
3 lectern.

4           MR. FINN: Your Honor, based on the evidence that  
5 you've heard and seen, I'm willing to do something that I don't  
6 think I've ever done in a detention hearing, and I'll waive  
7 argument if the government will.

8           MR. GARDNER: No, your Honor. Appreciate the offer.

9           MR. FINN: All right.

10          Your Honor, I can represent to you that my client has a  
11 extensive family, a very good family. I've met with them many,  
12 many times in my office. Many of them are here today. If you're  
13 -- if it's okay, could I ask them just to stand so you know?

14          THE COURT: Absolutely.

15          MR. FINN: If you're here for Jose, please stand.  
16 Thank you. We've got his wife here, his daughter here, his son  
17 here. I think grandmother, grandfather, et cetera. He has no  
18 criminal history.

19          THE COURT: And I'd note for the record about ten  
20 people stood up. But they can sit down now.

21          MR. FINN: No criminal history whatsoever. The  
22 government's got his passport. And despite the argument or  
23 observations by the government, Judge, you know as well as I do,  
24 and everybody in this courtroom knows, the last place on this  
25 planet that my client is going to go, given the publicity

1 surrounding this case, is Mexico. He's not an idiot. And based  
2 on the allegations, and the fanfare, and the press, and the  
3 drumbeating, and the chest beating, trying to turn what is  
4 essentially a money-laundering case into something that it's not,  
5 I won't say it's offensive because the government has a job to  
6 do. And what's going on with our neighbors to the south is  
7 tragic, it's horrific, I get that, but that's not why we're here  
8 today.

9           My client was a very good horseman. He grew up on a  
10 ranch. He learned about horses and cows. And the reason he  
11 picked horses over cows is because horses could run. And he's  
12 really into this invitro fertilization stuff. I mean, he's not  
13 faking it. He's really into it. And I'd submit the government  
14 is making my case for me. They're trying to tar and feather and  
15 blame my client for what his brothers in another country  
16 allegedly have done. That's not fair. That's not right. That's  
17 not America. There's not a presumption for detention in this  
18 case.

19           You put my client's wife, who's similarly situated, on  
20 a unsecured bond last week, took her passport, put restrictions  
21 on her. I submit to you, based on everything you've seen and  
22 heard and, more importantly, Judge, which you have not heard, my  
23 client should be released. Thank you.

24           THE COURT: Thank you, Mr. Finn. Mr. Womack.

25           MR. WOMACK: Yes, sir.

1           Your Honor, similarly, what Fernando Garcia does is he  
2 trains horses. And in this case, the government has clearly cast  
3 their net too wide. They're looking for Los Zetas out of Mexico,  
4 a laudable thing for the government to do. They should do that.  
5 But here, they have cast this net so wide that they're bringing  
6 up people who are trainers, gallop boys, which are like trainee  
7 jockeys, people that are on the periphery of horse racing or that  
8 are part of training horses for horse racing.

9           As the agent said, he has no evidence of Fernando -- no  
10 evidence of Fernando Garcia doing anything that on its face is  
11 illegal. Fernando Garcia is a 29-year-old horse trainer. He's  
12 lived in America since he was three weeks old. He's a lawful  
13 permanent resident of this country. His family is also here. If  
14 y'all would stand up, please. Y'all in the back row here.  
15 That's his father, his mother, his sister. His brother couldn't  
16 be here. He's at work down in Mission. And his fiance Veronica  
17 is here. Y'all could have a seat. Thank you.

18           We do ask your Honor to take notice of the Pretrial  
19 Services report. You've already read it. His father and mother  
20 are here to sign. In fact, they've already signed the documents  
21 for Pretrial Services to act as sureties and third-party  
22 custodians. Mr. Garcia will live with his parents. His fiance  
23 lives a mile away. They don't live together. They never have.  
24 She lives with her mother. And he'll be living with his parents  
25 one mile away with his family.

1           Now, he may have family in Mexico, but his immediate  
2 family -- and this is verified and they're sitting here. His  
3 immediate family lives in Mission, Texas. So he will go back  
4 home with his family. He'll surrender his U.S. passport -- I  
5 mean, his Mexican passport. He'll surrender that to the Court,  
6 if it's not already been seized. But he'll give that to the  
7 Court. He is not a flight risk. Certainly a horse trainer who  
8 is named in the press as being part of this big case involving  
9 Zetas supposedly is not going to run back to Mexico for any  
10 reason.

11           He's not insulated in any way. As the special agent  
12 said, they don't know of him ever even meeting a Zeta in Mexico.  
13 There's no suggestion that he has some safe house to hide in,  
14 that that's absurd. Mr. Garcia is not going to run away. He's  
15 going to stay here, and the evidence against him is so scant as  
16 to be nonexistent. He's going to stay here and the case will be  
17 dismissed or he'll win it, but he's not going anywhere. His  
18 family will see to that. The Court will see to that. And he's  
19 an outstanding candidate for bond in this case. And we'd ask  
20 that you go along with the recommendations of Pretrial Services.  
21 Thank you.

22           THE COURT: Thank you, Mr. Womack. Mr. Rubino.

23           MR. RUBINO: Your Honor, we've never met before, but  
24 when I appear before a court, I believe that my credibility is at  
25 stake as much as anything else.

1           Let me give you a little background on Mr. Nayan. Mr.  
2 Nayan is a Mexican national. He's here on a tourist visa. He  
3 owns no property or assets in the United States. He has no  
4 friends, no relatives in the United States. Essentially he has  
5 no ties to the community. He has his second federal indictment  
6 in the Eastern District of Texas. So if you release him, he'll  
7 go to the Eastern District. If they release him, immigration's  
8 going to pick him up. He's a perfect candidate for pretrial  
9 detention. We so stipulate. But it's been a good discovery  
10 proceeding.

11           THE COURT: Yes. Thank you, Mr. Rubino. Mr. Gardner.

12           MR. GARDNER: Your Honor, Mr. Trevino and Mr. Garcia  
13 are so scared to go to Mexico, why do they keep going down there?  
14 If it's such a violent place and they're so scared and they don't  
15 have sanctuary, why do they keep going to Nuevo Laredo, Zeta  
16 central? You know, again, the big elephant in the room is this  
17 man is the brother of two of the most violent drug traffickers in  
18 Mexico. He's farming his horse-racing business, Snowy Cartel,  
19 Mr. Ease Cartel associated with Garcia, Number One Cartel  
20 associated with Mr. Garcia and Mr. Trevino. They're farming  
21 their connections to the drug-trafficking organization. So when  
22 they say the evidence is weak, I know they haven't looked at it  
23 all yet. They've seen the two 70-page affidavits which, I  
24 submit, are fairly similar. But I understand that they have a  
25 role in this proceeding and they have to support their client's



1 position.

2           Your Honor, I think the evidence is clear from the  
3 multiple witnesses, whether they're witnesses who are attempting  
4 to gain some favor or benefit from the government, whether  
5 they're witnesses in the business, or whether they're witnesses  
6 who have come forward, they're all corroborated, according to the  
7 agent's testimony, by documentations from AQHA showing a pattern  
8 here of buying horses and then, eventually transferring them into  
9 Mr. Jose Trevino's name. So I don't think they've seen or  
10 understand the significance of the evidence against both of these  
11 folks.

12           Your Honor, when someone says, we all know those are  
13 the Zetas' stables, meaning Mr. Garcia's stables, you can't tell  
14 me that he does not have an awareness, a college-educated man, of  
15 working with Jose Trevino. You can't tell me he's not aware that  
16 he is working with horses run by a drug-trafficking organization.  
17 Your Honor, I'd also submit to you that his statements to the  
18 special agent minimize his role. They conflict with his  
19 statements to Pretrial Services. Mr. Jose Trevino's statements,  
20 again, minimize his assets and his roles. They are unverifiable.

21           Your Honor, the flight risk, the sanctuary that these,  
22 -- well, two gentlemen now have in Veracruz, the state of  
23 Veracruz, based on the funding by Mr. Cessa, I think indicates  
24 that the Court cannot set any conditions that would ensure that  
25 these two wouldn't flee and stay down there, like their brothers

1 have for the past decade, unencumbered, unmolested by law  
2 enforcement --

3 MR. FINN: Judge --

4 MR. GARDNER: -- either the Mexican federal --

5 MR. FINN: I'm sorry. I don't normally object in  
6 closing argument but --

7 MR. GARDNER: Thought you were going to waive.

8 MR. FINN: -- there's no evidence -- I was going to  
9 waive, but you refused to waive. There's no evidence about what  
10 his brothers did or didn't do. None. I haven't heard that once  
11 in this hearing.

12 THE COURT: I told you a minute ago, I love the  
13 lawyering, so I'm going to let Mr. Gardner make his argument.  
14 It's not a jury trial. We're just at a detention hearing.  
15 You'll certainly have the opportunity to respond. Go ahead, Mr.  
16 Gardner.

17 MR. GARDNER: Again, your Honor, there's two brothers  
18 with their 20 to \$25 million a month that they can pay for  
19 bribes, they can pay for payoffs, they could take care of law  
20 enforcement, more than establish that they have a sanctuary down  
21 there that they can flee to and remain outside the presence and  
22 the connections to U.S. law enforcement.

23 THE COURT: Let me ask you this. Are you suggesting,  
24 then, that they remain a flight risk? But what's your position  
25 on danger to the community?

1           MR. GARDNER: Your Honor, again, as Mr. Rubino says, my  
2           credibility is at issue here. I cannot say but for some  
3           ephemeral connection to their brothers committing violence that  
4           they are a danger to the community. I would agree with Mr. Finn  
5           to some extent, although they're using drug money, their hands  
6           aren't touching the drug, except for Mr. Nayan obviously.

7           THE COURT: Okay.

8           MR. GARDNER: So.

9           THE COURT: Anybody want to respond? Mr. Finn? Mr.  
10          Womack? Mr. Rubino?

11          MR. RUBINO: Judge, one correction.

12          THE COURT: Yes, sir.

13          MR. RUBINO: He keeps referring to don't have any  
14          brothers. My client's brother lives in Mission, Texas. He's not  
15          related in any way to the Morales-Trevino brothers in Mexico.

16          THE COURT: Okay. All right. Anything else from  
17          anybody? Okay.

18                 The statute requires me to release people on the least  
19          restrictive conditions that I can come up with that guarantee  
20          their appearance in court and, also, allow for the safety,  
21          continued safety of the community. The government has -- has at  
22          least conceded somewhat that these three gentlemen do not  
23          represent an immediate threat to the community. However, they  
24          continue to argue that all three of you are -- represent a risk  
25          of nonappearance.

1 I'll start with the easiest one. Mr. Garcia, the  
2 Pretrial Services office has recommended your release on  
3 conditions of bond, and that is what I intend to do is to follow  
4 the Pretrial Services recommendation with regard to your release.

5 Mr. Nayan, you know, you have a right not to talk to  
6 Pretrial Services, and as your attorney indicated, though, you're  
7 not a really good candidate right now for release for all the  
8 reasons that your attorney stated. He's just being candid. But  
9 he represented you very well, I think, this morning. So you will  
10 be detained pending further proceedings in your case.

11 Mr. Trevino, while your wife was released last week, I  
12 have to tell you, I find the evidence to be quite different in an  
13 analysis of your wife's situation than your situation. You have  
14 also been represented capably by Mr. Finn this morning. But,  
15 sir, I'm going to order that you continue to be detained pending  
16 further disposition of this case, and the reasons for that is I  
17 do find that you are a flight risk and there are no conditions  
18 that I can come up with that are sufficient to guarantee that  
19 your continued appearance in this case. And I'll enter an order  
20 to that effect to state the reasons in a little more detail.

21 But basically your association with the two primary  
22 defendants in this case who remain fugitives and have been  
23 fugitives, according to the government's evidence, on federal  
24 indictments since 2001, the fact that you are a bricklayer as  
25 soon as, I don't know, what, three or four years ago, making

1 \$60,000 a year and now you're running multi-million-dollar  
2 ranches and enterprises involving millions of dollars of horses.  
3 That's what jumps out at me there.

4 So those are going to be my rulings, gentlemen. And  
5 unless anybody has anything further, I want to move on to Mr.  
6 Garcia. Mr. Finn, do you have something?

7 MR. FINN: Yes, your Honor.

8 THE COURT: Yes.

9 MR. FINN: I don't know the proper procedure, but we do  
10 plan to appeal your decision.

11 THE COURT: Sure. Absolutely.

12 MR. FINN: Can I do so now orally on the record, or I  
13 do I need to file some sort of motion?

14 THE COURT: I don't know. But why don't you do  
15 something on the record for starters, and then, we'll get back  
16 with you and let you know.

17 MR. FINN: Your Honor, on behalf of my client, we would  
18 like to appeal to the district court your decision not allowing  
19 my client out on any bond whatsoever.

20 THE COURT: Okay. Mr. Finn, very good.

21 MR. FINN: Thank you.

22 THE COURT: Mr. Womack, Mr. Rubino, anything further?

23 MR. WOMACK: No, sir.

24 MR. RUBINO: No, sir.

25 THE COURT: Okay. Mr. Sartin, do you want to take two

1 of the defendants away and then, we'll move on to Mr. Garcia.

2 MR. GARDNER: Your Honor, I apologize. One sort of  
3 collateral matter.

4 THE COURT: Yes, sir.

5 MR. GARDNER: Judge Sparks entered a protective order  
6 with respect to the horses. I have given Mr. -- I've not given  
7 Mr. Rubino a copy today. I can. But I've given Mr. Finn and Mr.  
8 Womack a copy. Both -- all defendants are listed in there as --  
9 under the protective order by Judge Sparks as ensuring that the  
10 assets that the government has provided notice of forfeiture for  
11 are protected and cared for, and if such an occasion comes to  
12 pass that they cannot, they alert the government in a timely  
13 manner.

14 So I would just ask the Court -- I'm not asking for  
15 that to be a special condition of Mr. Garcia's bond, since Judge  
16 Sparks has already entered that order. But I would just ask the  
17 Court to make sure that either through representation of the  
18 defendants by their attorney that they understand a protective  
19 order's in place, and either through their attorneys or  
20 designated representative, they will contact the government in  
21 the event that the care and feeding of the horses cannot be  
22 accomplished.

23 THE COURT: I guess my quick thought, because this came  
24 up last week, I just don't see this particular magistrate court  
25 having a dog in that fight right now. If Judge Sparks sends it

1 back to me for some type of disposition, I'll look into it. My  
2 sense would be you can work with the lawyers on that. They'll  
3 acknowledge probably at least electronic receipt of that  
4 protective order, and I think you can go further from there.

5 MR. GARDNER: Yes, sir. I just wanted to make sure it  
6 was on the record so that -- at this hearing, since I have all  
7 defendants and the attorneys are aware of the protective order  
8 so.

9 THE COURT: Absolutely.

10 MR. GARDNER: But I'll work with them. Thank you, your  
11 Honor.

12 THE COURT: Mr. Gardner, thank you, sir.

13 All right. Take a minute here to let the Marshal  
14 Service escort Mr. Trevino and Mr. Nayan out. And then, we'll  
15 have Mr. Garcia and Mr. Womack approach the lectern once they  
16 leave -- left.

17 (Proceedings conclude at 12:42 p.m.)  
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## REPORTER'S CERTIFICATE

I, LILY I. REZNIK, DO HEREBY CERTIFY THAT THE FOREGOING WAS  
TRANSCRIBED FROM AN ELECTRONIC RECORDING MADE AT THE TIME OF THE  
AFORESAID PROCEEDINGS AND IS A CORRECT TRANSCRIPT, TO THE BEST OF  
MY ABILITY, MADE FROM THE PROCEEDINGS IN THE ABOVE-ENTITLED  
MATTER, AND THAT THE TRANSCRIPT FEES AND FORMAT COMPLY WITH THOSE  
PRESCRIBED BY THE COURT AND JUDICIAL CONFERENCE OF THE UNITED  
STATES.

/s/Lily I. ReznikAugust 2nd, 2012

LILY I. REZNIK

DATE